

**Directions: Complete each part on a separate sheet of paper. You MUST choose 3 worksheets out of the 5 units to complete (test grade). Completing all 5 will earn you the test grade plus some extra credit (+5 on a test of your choosing). Completing this will also allow you to retake the fundamentals test, if needed.**

**Section 1: Fill in the Blank**

1. \_\_\_\_ = the study of how individuals, institutions, and society make optimal choices under conditions of scarcity.
2. \_\_\_\_ = when unlimited wants exceed limited resources.
3. \_\_\_\_ = may be things people must have to live (shelter, food, or clothing) or simply goods and services one desires and would obtain if he/she could.
4. \_\_\_\_ = shelter, food, and clothing
5. \_\_\_\_ = are those things which humans can put to productive use (factors of production).
6. \_\_\_\_ = includes not only property on which a production plant is built, but all other natural resources.
7. \_\_\_\_ = the contribution of human workers to the production process. (school teachers, janitors)
8. \_\_\_\_ = refers to all the structures and equipment involved in the manufacturing process. (machinery storage, transportation)
9. \_\_\_\_ = is a specific form of labor. A risk-taker in search of profits who does something new with existing resources.
10. \_\_\_\_ = helps move land, labor, and capital into the hands of Producers, and finished goods into the hands of buyers. Also, it communicates to both buyers/sellers whether goods or services are scarce or easily available.
11. \_\_\_\_ = the amount of a product that would be offered for sale at all possible prices that could prevail in the market.
12. \_\_\_\_ = between the price of a good or service and the quantity of it that consumers are willing to buy at that price.
13. \_\_\_\_ = means that the price of a certain good or service is not allowed to rise above a certain level.
14. \_\_\_\_ = means that a certain good or service is not allowed to drop below a certain price
15. \_\_\_\_ = only allows citizens to purchase so much of a scarce good to make sure there is enough
16. \_\_\_\_ = the alternative choice
17. \_\_\_\_ = the next best alternative given up when individuals, businesses, and governments confront scarcity by making choices.
18. \_\_\_\_ = the extra benefit
19. \_\_\_\_ = the extra cost
20. \_\_\_\_ = decreasing satisfaction or usefulness as additional units of a product are acquired.
21. \_\_\_\_ = the money made after producers have paid for all of their costs.
22. \_\_\_\_ = measure of the amount of output produced by a given amount of inputs in a specific period of time.
23. \_\_\_\_ = allows individuals, firms, or nations to concentrate on a single activity or area of expertise
24. \_\_\_\_ = when individuals and businesses freely choose to exchange goods, services, and resource for something else of value.
25. \_\_\_\_ = using resources that could bring immediate benefits for the purpose of gaining greater benefits at a later time

## Section 2: Economic Systems chart

Type	Strengths	Weaknesses
Traditional Economy	All is based on customs and traditions; everyone knows their role.	New ideas are discouraged. There is little variety of goods, services, and ideas about producing them. The tendency away from progress leads to lower standards of living
Command Economy	Changes can be made quickly and efficiently, because the government has control of all resources and makes all decisions	This system provides few incentives for workers to give their best effort
Market Economy	Government interference is low, giving consumers freedom to choose what they want to buy and producers freedom to choose what and how to produced goods	People who cannot work-because they are too old or young, to sick, or otherwise physically unable to do work– are at a disadvantage

26. What parts of the world still have a traditional economy?
27. Where do you find a command economy in the world today?
28. How would you classify the United States' economy? Explain.

## Section 3: Roles of Government

29. Provide \_\_\_\_\_ goods: products that are collectively consumed by everyone
30. \_\_\_\_\_ of income: when the government takes money from citizens who have it and gives it to citizens who don't.
31. Resolve \_\_\_\_\_ failures: in order to avoid an economic crisis, the government will, from time to time, jump in and interfere with the natural economic cycle.
32. \_\_\_\_\_: a special tax place on products imported from another country.
33. \_\_\_\_\_: a payment from the government to a business.
34. The \_\_\_\_\_: controls money supply
35. \_\_\_\_\_ regulations: regulate pollution from businesses (ex: Environmental Protection Agency)
36. \_\_\_\_\_ = when government stops or decreases regulation of an industry.

## Section 4: Costs of Production

Table 2

Quantity	Fixed Cost	Variable Cost	Total Cost	Marginal Cost
100	\$1800	\$260	\$2060	\$2.60
200	\$1800	\$440	\$2240	\$1.80
300	\$1800	\$600	\$2400	\$1.60
400	\$1800	\$800	\$2600	\$2.00

Calculation:

$$= (Q)$$

$$= (b)$$

$$= (\$4Q)$$

$$= (b + 2Q)$$

$$= \frac{\Delta TC}{\Delta Q}$$

37. When should a company stop producing a product?  
HINT: When the marginal costs is more than the \_\_\_\_\_.

38. If the marginal cost was \$2.80 to produce 500 units, when you should the company stop production?