

1. Water boils at what temperature? _____
2. GATT stands for _____
3. Name one country the text identifies as repressed. _____

Answer four (4) of the following six (6) questions:

1. One country may be able to produce all goods at a lower cost however this country may still find it beneficial to trade with others. What is the concept which illustrates this? How do countries restrict trade? Do these restrictions make sense? Explain.
2. What is meant by the law of demand? What is meant by the law of supply? How are the concepts integrated to explain the concept of the market? What is the rule of self-interest in these concepts?
3. What is the production possibilities curve and what assumption and concepts can be used to illustrate? Use a graphical illustration in your answer.
4. Some large hardware stores such as Home Depot boast of carrying as many as 20,000 different products in each store. What motivated the producers of those products—everything from screwdrivers to ladders to water heaters—to make them and offer them for sale? How did the producers decide on the best combinations of resources to use? Who made those resources available, and why? Who decides whether these particular hardware products should continue to get produced and offered for sale?
5. What factors affect investment demand? What is the nature of the impact of each? Also, why is investment as a component of GDP so volatile?
6. What are the two types of inflation which economists identify and the causes of each? What are the potential redistribution effects of inflation and deflation? What happens if people anticipate inflation? What is hyperinflation? What are the effects of inflation?