

1. NAFTA stands for _____.
2. The test identifies _____ as a repressed country.
3. DeBeers is known for selling _____.

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

1. What are the three basic forms of business organization? What are the characteristics (advantages/disadvantages of each? What is the relative importance of each?
2. What are economic profits? What are normal profits? What function do these profits have in pure competition, in monopolistic competition? How are losses responded to in the short-run?
3. What is the law of diminishing marginal utility? When would a consumer be in equilibrium and maximizing his/her total utility? Explain why a deviation from this equilibrium would reduce the consumers total utility?
4. What does price elasticity of demand measure? What does perfectly inelastic (perfectly elastic) mean? How should a business use this information? What must be considered besides price?
5. Given in the table are an initial demand and supply schedule. If demand increases by 10 units at each price and supply decreases by 10 units determine the new demand and supply schedules.

Supply			Demand and Schedules			New Demand and Supply Schedules		
(1)	(2)	(3)	(4)	(5)	(6)			
Price	Quantity demanded	Quantity supplied	Price	Quantity demanded	Quantity supplied			
\$5.00	10	50	\$5.00	_____	_____			
4.00	20	40	4.00	_____	_____			
3.00	30	30	3.00	_____	_____			
2.00	40	20	2.00	_____	_____			
1.00	50	10	1.00	_____	_____			

What was the old equilibrium price? What will be the new equilibrium price? What was the old equilibrium quantity? What will be the new equilibrium quantity?

6. Complete the following table: Briefly describe what you have done.

Quantity demanded	Price	Total revenue	Marginal revenue	Total cost	Marginal cost
0	\$17	\$ _____		\$10	
1	16	_____	\$ _____	18	\$ _____
2	15	_____	_____	23	_____
3	14	_____	_____	25	_____
4	13	_____	_____	27	_____
5	12	_____	_____	28	_____
6	11	_____	_____	32	_____
7	10	_____	_____	40	_____
8	9	_____	_____	50	_____
9	8	_____	_____	64	_____
10	7	_____	_____	80	_____

What output will the monopolist produce?

What price will the monopolist charge?

What total profit will the monopolist receive at the profit-maximizing level of output?