If you come in with this review sheet at least 80% (that’s 80 out of 100 questions) complete on Tuesday 5/10 (7th Period – Wednesday 5/11), you will earn 5 extra credit points on the final exam.

Chapter 7: Business Operations

1. ____________ In a sole proprietorship and partnership, owners have this kind of liability.

2. ____________ In a corporation, owners have this kind of liability.

3. ____________ Total cost equals this plus variable cost.

4. ____________ The additional cost of producing an additional unit of a good.

5. __________________________________________ States that if additional units of a resource are added to a resource that is in fixed supply, eventually the additional output produced will be decreased.

6. ____________ Another term for average total cost.

7. ____________ The entity that offers a franchise.

8. ____________ If 10% of the face value of a bond is paid out regularly, then 10 % is this.

9. ____________ Anything to which a firm has legal claim.

10. The owners of a ____________ are its stockholders. (163)

11. Rent is an example of a ____________ cost. (172)

12. Law firms and medical offices are examples of ___________________________. (162)

13. Suppose a bond has a $10,000 face value and a coupon rate of 8%. What is the dollar amount of each annual coupon payment? ______________

14. A firm will increase production when marginal cost is ____________ (less or greater) than marginal revenue. (177)

15. A strawberry farmer who has used more and more nutrients on her fixed plot of land, but doesn’t see an increase in her strawberry crop, is experiencing the law of __________________ ___________________ _______________. (180)

16. There are about ________ million sole proprietorship firms in the U.S. and ________ million partnerships, but corporations account for about ________% of all business receipts. (160-163)

17. Calculate the marginal cost for the additional unit in each of the following cases (TC = total cost and Q = quantity of output):

<table>
<thead>
<tr>
<th>Case</th>
<th>Q</th>
<th>TC</th>
<th>MC</th>
</tr>
</thead>
<tbody>
<tr>
<td>A)</td>
<td>Q = 100, TC = $4,322</td>
<td>Q = 101, TC = $4,376</td>
<td>MC = ________________</td>
</tr>
<tr>
<td>B)</td>
<td>Q = 210, TC = $5,687</td>
<td>Q = 211, TC = $5,699</td>
<td>MC = ________________</td>
</tr>
<tr>
<td>C)</td>
<td>Q = 547, TC = $1,009</td>
<td>Q = 548, TC = $1,123</td>
<td>MC = ________________</td>
</tr>
</tbody>
</table>
18. Calculate the average total cost in each of the following cases (TC = total cost and Q = quantity of output)

   A) Q = 120, TC = $3,400  ATC = ___________________________
   B) Q = 200, TC = $4,560  ATC = ___________________________
   C) Q = 150, TC = $1,500  ATC = ___________________________

19. The marginal BENEFIT of playing chess (in money terms) is listed below. The marginal COST of playing chess (in money terms) is always $5. What is the right number of games of chess to play? _______________

   1st Game = $10
   2nd Game = $8
   3rd Game = $6
   4th Game = $4
   5th Game = $2
   6th Game = $0

20-26. Complete the chart below using formulas from Chapter 7. For this firm, marginal revenue is the same as price.

<table>
<thead>
<tr>
<th>Gadget/ hour</th>
<th>Fixed Cost</th>
<th>Variable Cost</th>
<th>Total Cost</th>
<th>Marginal Cost</th>
<th>Marginal Revenue</th>
<th>Total Revenue</th>
<th>Profit or (Loss)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>$18</td>
<td>$0</td>
<td>$18</td>
<td>$0</td>
<td>$18</td>
<td>$0</td>
<td>($18)</td>
</tr>
<tr>
<td>1</td>
<td>$18</td>
<td>$12</td>
<td>$30</td>
<td>$7</td>
<td>$18</td>
<td>$54</td>
<td>$6</td>
</tr>
<tr>
<td>2</td>
<td>$18</td>
<td>$18</td>
<td>$36</td>
<td>$0</td>
<td>$18</td>
<td>$66</td>
<td>$6</td>
</tr>
<tr>
<td>3</td>
<td>$18</td>
<td>$22</td>
<td>$40</td>
<td>$3</td>
<td>$18</td>
<td>$69</td>
<td>$18</td>
</tr>
<tr>
<td>4</td>
<td>$18</td>
<td>$30</td>
<td>$48</td>
<td>$0</td>
<td>$18</td>
<td>$90</td>
<td>$42</td>
</tr>
<tr>
<td>5</td>
<td>$18</td>
<td>$30</td>
<td>$48</td>
<td>$0</td>
<td>$18</td>
<td>$90</td>
<td>$42</td>
</tr>
</tbody>
</table>

******************************************************************************

Chapter 8: Competition and Markets

27. ____________________________ A seller that can sell all its output at the equilibrium price but non at 1 penny higher.

28. ____________________________ The conditions that characterize this market include one seller, no close substitutes for the good the seller sells, and high barriers to entry.

29. ____________________________ A price ________ can sell some of its output at various prices, although it sells less output at higher prices.

30. ____________________________ A monopoly that is legally protected from competition.

31. ____________________________ A company that ends up being the only seller of a good because of its low average total cost.

32. ____________________________ The conditions that characterize this market include many buyers and sellers, firms that sell slightly differentiated products, and easy entry into and exit from the market.

33. ____________________________ The conditions that characterize this market include few sellers, firms that produce and sell either identical or slightly differentiated products, and significant barriers to entry.

34. ____________________________ An agreement among firms that specifies that they will act in a coordinated way to reduce the competition between them.
35. ____________________ A right granted to a firm by the government that permits the firm to provide a particular good or service and excludes all others from doing so.

36. How can low average total cost (per-unit costs) act as a barrier to entry?

37. Firms in a monopolistic competitive market produce slightly different products. In what ways might these products differ?

38. Why are most monopolies illegal in the United States? (199)

39. What is the difference between government and natural monopolies? What are some examples of each? (199)

Chapter 9: Labor, Employment and Wages

40. ____________________ Sets a level below which wages rates are not allowed to fall.

41. ____________________ An organization that hires only union members.

42. ____________________ A tactic used by unions to put pressure on employers by having workers refuse to work.

43. ____________________ The price of labor.

44. ____________________ An organization that requires employees to join the union within a certain period of time after being hired.

45. ____________________ This law, passed in 1947, gave the states the right to pass right-to-work laws.

46. An economist would explain the huge salaries commanded by entertainers and professional athletes as the result of ___________ and ___________. (231, 232)

47. If there were a sharp increase in demand for Hershey’s chocolate bars, we might expect a(n) ___________ (increase or decrease) in demand for workers. (229)

48. Three jobs, A, B, and C, all pay the same salary, $70,000 a year. What additional information do you need to decide which of the three jobs is best for you?
49. If minimum wage is set _______________ (above, below or equal to) the equilibrium wage rate, it will result in employers being willing to hire fewer workers. (233)

50. A ________________ wage is a person’s wage rate in terms of what it buys. (234)

51. Unions ________________ agreements with employers for the benefit of their members and assist members in receiving higher wages and ________________. (238, 241)

52. One of the key elements in the productivity of workers is their ________________ and ________________. (231)

53. Government ________________ protect workers against occupational injuries and illnesses, specify minimum standards for potentially unsafe products and increase costs to taxpayers. (244)

54. A ________________ of workers exists when the demand for workers exceeds the supply. (225)

55. Typically, union members earn more than nonunion workers with similar skills by ____ to ____ percent. (240)

56. The total amount spent on goods in the market basket in the base year was ____________________.

57. The total amount spent on goods in the market basket in the current year was ____________________.

58. The CPI for the base year was _________________.

59. The CPI for the current year is _________________.

60. The percentage change in the CPI from the base year to the current year was _________________.

Assume the market basket includes only the goods shown in the following table. Use the table to answer the following questions based on formulas from Chapter 9.

<table>
<thead>
<tr>
<th>Good</th>
<th>Quantity</th>
<th>Price in base year</th>
<th>Price in current year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pepperoni Pizza</td>
<td>15</td>
<td>$10.00</td>
<td>$13.50</td>
</tr>
<tr>
<td>Bottles of Soda</td>
<td>30</td>
<td>$0.75</td>
<td>$1.25</td>
</tr>
<tr>
<td>DVDs</td>
<td>10</td>
<td>$20.00</td>
<td>$15.00</td>
</tr>
</tbody>
</table>

61. The total amount spent on goods in the market basket in the base year was ____________________.

62. The total amount spent on goods in the market basket in the current year was ____________________.

63. The CPI for the base year was _________________.

64. The CPI for the current year is _________________.

65. The percentage change in the CPI from the base year to the current year was _________________.

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Chapter 16: Stocks and Bonds

61. ________________ ________________ help to bring one person with money together with someone else’s investment opportunity. (430)

62. A ________________ is a form of investment and a claim on the assets of a corporation that may rise or fall in value. (430)

63. A company that wants to raise money may borrow money from a ________________, issue ________________ or issue ________________. (433)

64. When a company offers to sell its stock to the public for the first time, it is called a(n) ________________ ________________ ________________. (434)

65. The share of the profits of a corporation, paid out to stockholders, is _________________. (436)

66. Currently the Dow Jones Industrial Average is composed of _________ stocks. (432)
67. The Dow Jones Industrial Average, Standard & Poor’s 500 and Wilshire 5000 are all examples of well-known stock ___________________. (432)

68. The price of a share of stock is determined by ____________ and ______________. (434)

69. If a company, government, or government agency wants to borrow money, it may issue _______________. (442)

70. On a particular day, the number of shares traded is the called the _________________. (441)

71. The stock market page reports the difference between the current closing price of a stock and the previous day’s closing price under the heading of ______________ _________________. (441)

72. A __________ represents an IOU or a promise to pay. (442)

73. The two major financial markets in our economy are the _________________ market and the _______________ market. (449)

74. A ______________ gives an employee the right to buy shares of company stock at a price specified by the employer. (454)

75. In financial markets, a ______ market is one in which prices are expected to rise. (436)

76. AMEX, NASDAQ and the NYSE are examples or stock __________________ or ________________. (431)

77. A ______________ is a collection of stocks in which to invest. (438)

78. A feature of ______________ is that they give consumers an investment handled by a fund manager. (438)

79. Unlike bonds, stocks provide the holder with _______________ in the company. (430)

80. A stock __________ is a portfolio of stocks that represent a particular market or portion of it. (438)

81. The yield of a stock is the dividend divided by the ______________ price. (440)

82. ______________ are evaluated by Standard & Poor’s and Moody’s. (443)

83. As the price paid for a bond rises, the yield ______________. (444)

CONTINUED ON THE NEXT PAGE
The entries in the following table represent the closing numbers for stocks traded on Wednesday, May 4.

<table>
<thead>
<tr>
<th>Stock</th>
<th>Ticker</th>
<th>Div</th>
<th>Yield %</th>
<th>P/E</th>
<th>OOe</th>
<th>High</th>
<th>Low</th>
<th>Close</th>
<th>Net chg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nike</td>
<td>NKE</td>
<td>1.00</td>
<td>2.40</td>
<td>11</td>
<td>9806</td>
<td>41.94</td>
<td>40.65</td>
<td>41.37</td>
<td>-1.31</td>
</tr>
<tr>
<td>Apple</td>
<td>AAPL</td>
<td>N/A</td>
<td>N/A</td>
<td>17</td>
<td>298645</td>
<td>91.87</td>
<td>89.61</td>
<td>90.25</td>
<td>-1.20</td>
</tr>
<tr>
<td>Hershey</td>
<td>HSY</td>
<td>1.19</td>
<td>3.50</td>
<td>24</td>
<td>15662</td>
<td>33.29</td>
<td>32.27</td>
<td>32.27</td>
<td>-1.01</td>
</tr>
<tr>
<td>Microsoft</td>
<td>MSFT</td>
<td>0.52</td>
<td>3.20</td>
<td>8</td>
<td>747090</td>
<td>15.88</td>
<td>15.57</td>
<td>15.81</td>
<td>-0.48</td>
</tr>
<tr>
<td>Coca-Cola</td>
<td>KO</td>
<td>1.64</td>
<td>4.00</td>
<td>15</td>
<td>125153</td>
<td>39.44</td>
<td>38.71</td>
<td>39.16</td>
<td>-0.88</td>
</tr>
<tr>
<td>Target</td>
<td>TGT</td>
<td>0.64</td>
<td>2.30</td>
<td>9</td>
<td>136642</td>
<td>27.82</td>
<td>26.81</td>
<td>26.88</td>
<td>-0.29</td>
</tr>
<tr>
<td>Disney</td>
<td>DIS</td>
<td>0.35</td>
<td>2.10</td>
<td>8</td>
<td>166792</td>
<td>16.60</td>
<td>16.27</td>
<td>16.50</td>
<td>-0.61</td>
</tr>
</tbody>
</table>

84. Which stock has the highest yield? __________________________

85. If you bought 300 shares of Disney at the highest price for the year and sold it at the closing price on May 4, what was your capital gain/loss? (be sure to state whether it was a gain or loss) __________________________

86. If you bought 500 shares of Nike at the lowest price for the year and sold it at the closing price on May 4, what was your capital gain/loss? (be sure to state whether it was a gain or loss) __________________________

87. If you bought 200 shares of Apple at the lowest price for the year and sold it at the highest price for the year, what was your capital gain/loss? (be sure to state whether it was a gain or loss) __________________________

88. How many shares of Microsoft traded on Wednesday, May 4? __________________________

89. What was the closing price of Target on Tuesday, May 3? __________________________

90. If you have owned 100 shares of Microsoft, 100 shares of Target and 100 shares of Nike, how much total money did you receive in dividend payments? __________________________

91. If you owned 500 shares of Hershey, how much would you expect to receive in dividend payments this year? __________________________

Bob pays $10,000 for a bond with a face value of $10,000 and a coupon rate of 8 percent. Jane buys a bond for $9,000. The face value of the bond is $10,000 and the coupon rate is 8 percent.

92. Bob will receive a coupon payment of __________________ each year.

93. When the bond matures, Bob will receive __________________ from the issuer of the bond.

94. The yield that Bob will receive on the bond is __________________________

95. If the maturity date is five years from the day Bob buys the bond, he will earn a total of ____________ on his investment.

96. Jane will receive a coupon payment of __________________ each year.

97. The yield that Jane will receive on the bond is __________________________

98. When the bond matures, Jane will receive __________________ from the issuer of the bond.

99. If the maturity date is five years from the day Jane buys the bond, she will earn a total of ____________ on her investment.

100. Both Bob and Jane bought bonds with face values of $10,000, coupon rates of 8 percent, and maturity dates five years from the date of purchase. Jane will earn ______________ MORE / LESS (circle the correct one) on her investment than Bob will earn on his investment because she paid ______________ MORE / LESS (circle the correct one) than the face value of the bond.