

# Content Vocabulary Activity

shareholder (a. 1828): one who has a part in ownership; esp.: ST

## CHAPTER 5: SUPPLY

**Directions:** Fill in the terms across and down on the puzzle that match each numbered definition. Many of the answers are more than one word. Include any hyphens in your answer.

### ACROSS

2. production period that allows changes only in variable inputs
6. cost that changes when rate of operation or output changes
8. stage where increasing inputs causes output to increase at a decreasing rate
11. total fixed costs
13. how quantity supplied is affected by price changes
14. production period that allows all inputs to vary
15. production level needed to cover total costs
16. business conducted over the Internet

### DOWN

1. all of the output produced by a firm
3. extra output generated by adding one more unit of variable input
4. graph showing how output changes when a single input changes
5. amount offered for sale at a given price
7. government payment to protect or encourage economic activity
9. graph showing producers' tendency to offer more for sale at higher prices
10. amount offered for sale at all prices
12. units sold multiplied by average price per unit

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# Q U I Z ◆ Chapter 5, Section 1

## W H A T I S S U P P L Y ?

SCORE
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**Matching:** Match each item in Column A with the items in Column B. Write the correct letters in the blanks. (10 points each)

### A

- \_\_\_\_\_ 1. supply
- \_\_\_\_\_ 2. quantity supplied
- \_\_\_\_\_ 3. supply curve
- \_\_\_\_\_ 4. supply elasticity
- \_\_\_\_\_ 5. subsidy

### B

- a. amount that producers bring to the market at any given price
- b. measure of the way in which quantity supplied responds to a change in price
- c. a graph showing the various quantities supplied at each and every price that might prevail in the market
- d. the amount of a product that could be bought at all possible prices that could prevail in the market
- e. listing of quantities that would be offered for sale at all possible prices that could prevail in a market
- f. a government payment to an individual, business, or other group to encourage or protect a certain type of economic activity

**Multiple Choice:** In the blank at the left, write the letter of the choice that best completes the statement or answers the question. (10 points each)

- \_\_\_\_\_ 6. The Law of Supply states that
  - a. the quantity supplied varies inversely with its price.
  - b. the quantity supplied varies irregularly with its price.
  - c. the quantity demanded varies inversely with its price.
  - d. the quantity supplied varies directly with its price.
- \_\_\_\_\_ 7. Which of the following can cause an increase in supply?
  - a. a decrease in productivity
  - c. an increase in taxes
  - b. a decrease in the cost of inputs
  - d. fewer sellers in the marketplace
- \_\_\_\_\_ 8. Which product is likely to have the most elastic supply curve?
  - a. ice cream cones
  - c. ships
  - b. automobiles
  - d. dishwashing machines
- \_\_\_\_\_ 9. The supply curve is
  - a. downward sloping.
  - c. upward sloping.
  - b. level.
  - d. irregular.
- \_\_\_\_\_ 10. Increased government regulations can cause the supply curve to
  - a. shift to the left.
  - c. increase.
  - b. shift to the right.
  - d. decrease.

**Q U I Z** ♦ **Chapter 5, Section 2**

**T**HE THEORY OF PRODUCTION

<p><b>SCORE</b></p>
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**Matching:** Match each item in Column A with the items in Column B. Write the correct letters in the blanks. (10 points each)

**A**

- \_\_\_\_\_ 1. diminishing returns
- \_\_\_\_\_ 2. production function
- \_\_\_\_\_ 3. labor
- \_\_\_\_\_ 4. marginal product
- \_\_\_\_\_ 5. total product

**B**

- a. a figure that shows how total output changes when the amount of a single variable input changes while all other inputs are held constant
- b. the extra cost incurred when one additional unit of a product is produced
- c. total output produced by a firm
- d. the extra output or change in total product caused by the addition of one more unit of variable input
- e. often thought of as the variable factor of production
- f. stage where output increases at a decreasing rate as more units of a variable are added

**Multiple Choice:** In the blank at the left, write the letter of the choice that best completes the statement or answers the question. (10 points each)

- \_\_\_\_\_ 6. The period of production that allows producers to change the amounts of all inputs is
  - a. the short run.
  - b. the long run.
  - c. increasing returns.
  - d. diminishing returns.
- \_\_\_\_\_ 7. The period of production that allows producers to change only the amount of the variable input is
  - a. the short run.
  - b. the long run.
  - c. increasing returns.
  - d. diminishing returns.
- \_\_\_\_\_ 8. When the number of workers hired is so great that the workers begin to get in each other's way,
  - a. output decreases.
  - b. output doubles.
  - c. output increases.
  - d. output remains steady.
- \_\_\_\_\_ 9. In what order do the three stages of production occur?
  - a. negative returns, diminishing returns, increasing returns
  - b. diminishing returns, increasing returns, negative returns
  - c. increasing returns, diminishing returns, negative returns
  - d. increasing returns, negative returns, diminishing returns
- \_\_\_\_\_ 10. The stages of production are based on
  - a. the way total product changes over time.
  - b. the way marginal product changes as variable inputs are added.
  - c. the way inputs change in response to business decisions.
  - d. the way output changes independent of input.

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**QUIZ** ♦ **Chapter 5, Section 3**

**COST, REVENUE, AND PROFIT MAXIMIZATION**

<b>SCORE</b>
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*Matching: Match each item in Column A with the items in Column B. Write the correct letters in the blanks. (10 points each)*

**A**

- \_\_\_\_\_ 1. fixed cost
- \_\_\_\_\_ 2. variable cost
- \_\_\_\_\_ 3. marginal cost
- \_\_\_\_\_ 4. total revenue
- \_\_\_\_\_ 5. e-commerce

**B**

- a. cost that a business incurs even if there is little or no activity
- b. extra cost incurred when a business produces one additional unit of a product
- c. sum of the fixed and variable costs
- d. cost that changes when the business's rate of operation or output changes
- e. electronic business or exchange conducted over the Internet
- f. the number of units sold multiplied by the average price per unit

*Multiple Choice: In the blank at the left, write the letter of the choice that best completes the statement or answers the question. (10 points each)*

- \_\_\_\_\_ 6. Cost-benefit decision making that compares the extra benefits to the extra costs of an action is called
  - a. marginal revenue.
  - b. marginal costs.
  - c. marginal analysis.
  - d. marginal output.
- \_\_\_\_\_ 7. The total cost of production is determined by
  - a. adding fixed and variable costs.
  - b. adding marginal and fixed costs.
  - c. multiplying fixed and variable costs.
  - d. multiplying marginal and fixed costs.
- \_\_\_\_\_ 8. Electricity is an example of a
  - a. total cost.
  - b. fixed cost.
  - c. variable cost.
  - d. marginal cost.
- \_\_\_\_\_ 9. If a business's fixed costs are large relative to its variable costs, it is likely to
  - a. be more profitable than a firm whose fixed costs are small relative to variable costs.
  - b. produce in Stage III of the production function.
  - c. produce durable goods rather than services.
  - d. operate longer hours than a firm whose fixed costs are small relative to variable costs.
- \_\_\_\_\_ 10. Profit is maximized when marginal cost is
  - a. less than marginal revenue.
  - b. equal to marginal revenue.
  - c. greater than marginal revenue.
  - d. growing at the same rate as marginal revenue.