UNIT TEST: ECONOMICS AND PERSONAL LITERACY

1. There are four factors of production, list them. (4 points/1 point each)
2. True or False: Land is a renewable resource. (1 point)
3. True or False: Labor is a flexible resource. (1 point)
4. What is capital? (3 points)
5. Define supply and demand? (3 points)
6. What is a complementary good? Give an example (2 points)
7. Interest Rate: 4% monthly

Starting Balance: $124

Time Passed: 4 months

How much interest has accrued if calculated as compound interest?

What is the new total balance? Show your work and round to nearest dollar. (3 points)

1. Interest Rate: 1% monthly

Starting Balance: $345

Time Passed: 8 months

How much interest has accrued if calculated as compound interest?

What is the new total balance? Show your work and round to nearest dollar. (3 points)

1. Define loan. (1 point)
2. What type of interest accrues more money over one year: compounded interest or annual interest? (1 point)
3. Explain the difference between an increase in demand and an increase in supply. (3 points)
4. True or False: you do not need all the factors of production in order to produce a product. (1 point)
5. Short Essay. Write at least 2 paragraphs explaining the importance of having a savings plan and managing loans. (10 points)
6. Create a basic monthly budget plan that includes the basic expenses of a family of four on a budget of 2,000 dollars a month. Must have at least 8 expenses. You may draw a chart, write bullets or write a summary (15 points)