

Test Corrections

Task 1: Fill in the gaps

Using the word bank: consumers – prices – firms – economy – competition – goods – income

1. Microeconomics studies individuals and small **firms**.
2. Inflation causes an increase in **prices** over time.
3. In perfect **competition**, many sellers compete in the market, creating strong competition.
4. Demand refers to the quantity of **goods** people want to buy.
5. Macroeconomics studies the national **economy** as a whole.

Task 2: Define the following concepts

1. GDP (Gross Domestic Product)

The total monetary or market value of all finished goods and services produced within a country's borders during a specific time period (usually a year). It serves as a core measure of a nation's economic health.

2. Monopoly

A market structure characterized by a single seller or producer that controls the entire supply of a good or service. Because there is a lack of competition, the monopoly firm typically has the power to set high prices.

3. Inflation

The general and progressive increase in the prices of goods and services across an economy over time. As inflation rises, the purchasing power of money decreases (every unit of currency buys a smaller percentage of a good or service).

4. Capital

Any human-made resource or asset used in the production of goods and services. In economics, this primarily includes physical assets like machinery, tools, factories, and buildings, rather than just raw money.

5. Microeconomics

The branch of economics that studies the behavior, decisions, and resource allocation of individual economic units, such as single consumers, households, workers, and business firms.

