

Complete each sentence.

1. The objective of a firm in a market economy is to maximize **_profits_**.
2. Profits = **_Revenues_** minus costs.
3. Profit-seeking firms usually can offer products at lower prices than nonprofit firms because profit-seeking firms use resources more **_efficiently_**.
4. A person contemplating starting a business is best to develop a business **_plan_** before committing to the project.
5. A major part of the document in question #4 is simply specifying **_who_** will purchase the product or service and why.
6. Costs which don't vary with sales (output) of a firm are **_fixed_** costs.
7. Costs which do vary with sales (output) of a firm are **_variable_** costs.
8. Rent of space and equipment is an example of **_fixed_** costs.
9. Material supplies (inputs) to the making of a product or service are examples of **_variable_** costs.
10. Another way of looking at fixed costs is that they are costs which **_must_** be paid, regardless of how much revenue the firm earns.