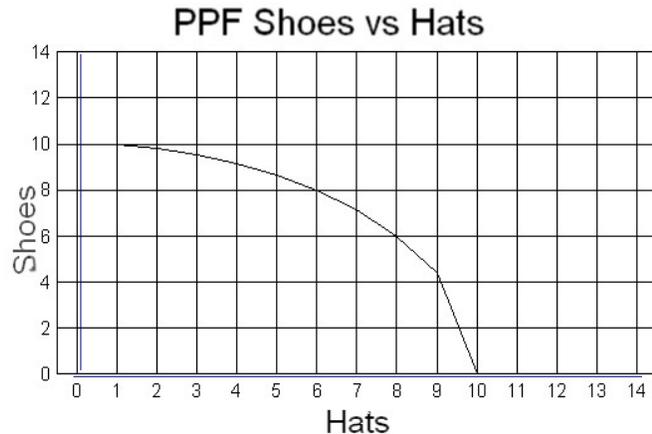


Write your name on the cover of the test booklet and nowhere else. Enclose this sheet with the booklet. Failure to follow these directions will cost you 1 point. The test has 100 points (to be scaled up to 160 points) and is scheduled to take 50 minutes. Therefore, expect to spend 1 minute for every 2 points. For example, a 12-point question should take 6 minutes. I cannot give extra time because some students have a class after your class.

1) (10 points) Answer EITHER Part A OR Part A. **Only for this question**, you can draw directly on the graph, but you must write your explanation and do all calculations in the bluebook.

A) What is the opportunity costs of the 6<sup>th</sup> hat? Show all work and briefly explain what you did.

B) What is the opportunity costs of the 8<sup>th</sup> shoe? Show all work and briefly explain what you did.



2) (10 points) Answer EITHER Part A OR Part B.

A) Use terminology from economics to explain the statement, “Time is money.”

B) What is the relationship between the supply curve and opportunity costs? Explain your logic.

3) (14 points) Draw a PPF for socks and telephones. Illustrate the effects of EITHER the event in Part A OR the event in Part B. Explain why the curve moved as drawn.

A) A new cloth which uses less resources is invented.

B) A new robot who can make all products better is invented.

4) (16 points) For EITHER  $Y = 4 - \frac{1}{2}X$  OR  $Y = 8 - 2X$ , plot the line, find the slope, Y-intercept, and the X-intercept. State how you graphed it and how you found each of the other answers. If an answer requires a calculation, show the work.

5) (16 points) Draw the supply and demand for butter. Illustrate EITHER the effects of a population increase OR the effects of an increase in the price of bread. Explain why the curve(s) moved as drawn. What happens to the price charged and quantity produced?

6) (16 points) Draw the supply and demand for leather jackets. Illustrate EITHER the effects of the price of steak increasing OR the effects of the people who sew the jackets get a pay increase. Explain why the curve(s) moved as drawn. What happens to the price charged and quantity produced?

7) (18 points) Answer EITHER Part A OR Part B.

A) Draw the supply and demand for milk. Illustrate the effects of a quota. Explain why the graph changed as drawn. What happens to the price and quantity?

B) Draw the supply and demand for bread. Put a price ceiling on it. Explain why you drew the ceiling as you drew it. What type of rationing now determines how much each person gets? Explain your logic.