

Place your name on the back of this sheet of paper and nowhere else. Staple your answers face up on the front of this sheet of paper. Failure to follow these directions will cost you 1 point. Your assignment will be typed, except graphs can be drawn by hand and mathematical equations can be done by hand. Failure to type it will cost you 10 points. If you use double-sided printing or print on the back of scrap paper, I will give you one additional point.

1) (20 points) Assume the \$39,000 in the comic strip by John McPherson is the value of the opportunity costs of a year at Penfield College. If you were his father, what things would you have included in **calculating** the number? Note, I am asking how the father calculated the number – not the uses of the money. Therefore, do not say, “He could have bought a new car.” Explain your logic and include at least four items. (More of his comics can be found at <http://www.closetohome.com/>.)

2) (20 points) Draw a PPF for cars vs. PB&J sandwiches. Illustrate the effect of an improved fertilizer on the graph. Explain why the curve moved as drawn.

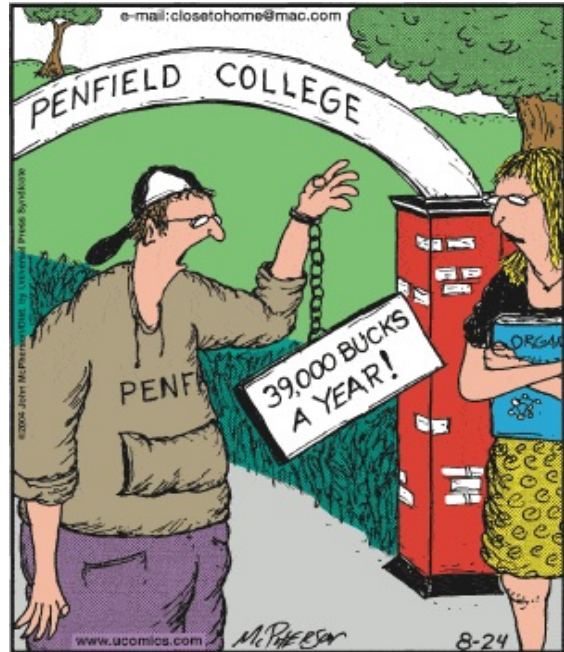
3) (20 points) Draw a PPF for hats vs. coats. Illustrate the effects of an increase in population. Explain why the curve moved as drawn.

4) (10 points) Explain how opportunity costs relate to the supply curve.

For both Questions #4 and #5, we will have not combined the curves on one graph by the time you have to hand this in. However, if they appeared on an exam, you would have to draw both curves and you would not be told which one is moving. You would also have to tell me what happens to the price and quantity.

5) (15 points) Draw the demand curve for blueberries. Illustrate the effects of people finding out that eating blueberries reduces the chances of getting cancer. Explain why it moves as drawn.

6) (15 points) Draw the supply curve for riding lawn mowers. Illustrate the effects of an increase in the price of motorcycles. Explain why the curve moves as drawn. (Yes, it does move.)



"My dad is making me wear this until I get my GPA over 2.2."