

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 10 points. 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/>.)

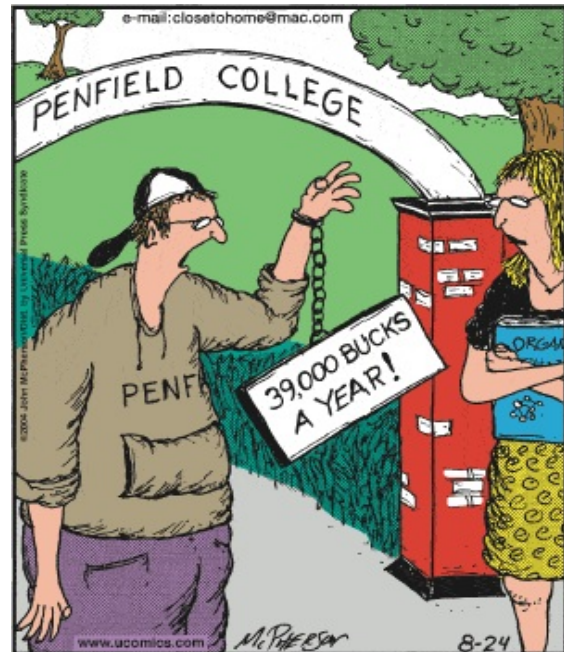
2) (20 points) Draw the PPF (PPC) for corn and steel desks. Illustrate the effects of an improved fertilizer. Explain why the curve moved as drawn.

3) (20 points) Draw the PPF for pants and onions. Illustrate the effects of an increase in the population. Explain why the curve moved as drawn.

4) (20 points) Draw the PPF for olive oil and ski vacations. In the past few weeks, there have been multiple earthquakes in an area of Italy known for growing olives and ski vacations. There has been a lot of damage, including the complete destruction of a ski lodge. Illustrate the effects of these earthquakes on the PPF. Explain why the curve moved as drawn.

5) (15 points) President Trump wants to restrict imports. Referring to opportunity costs and the law of comparative advantage, explain what the overall impact on the USA would be if he succeeds in restricting imports. Explain your logic.

6) (5 points) I say that opportunity costs are the most important topic for your life. How should you be using that concept every day, multiple times a day? Explain your logic.



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