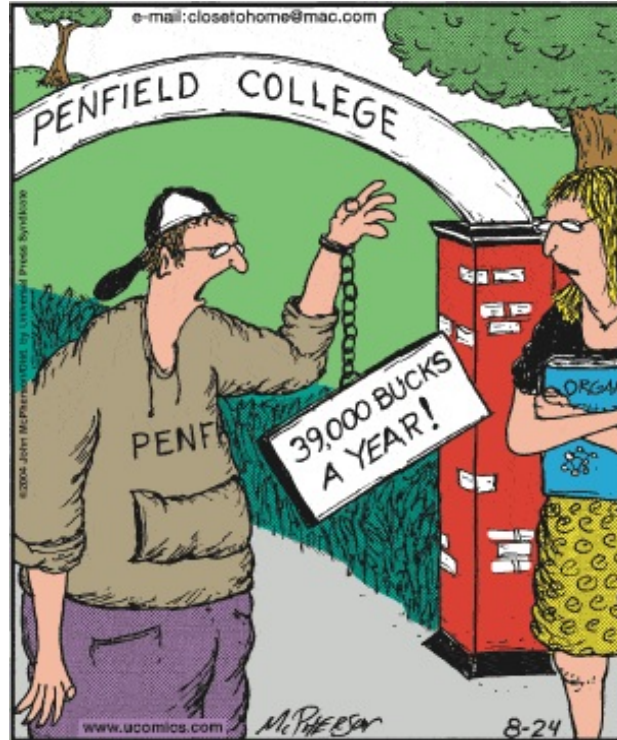


Place your name on the back of this sheet of paper and nowhere else. Staple your answers on the front of this sheet of paper. Failure to follow these directions will cost you 1 point. Your assignment will be typed, except graphs can be drawn by hand and mathematical equations can be done by hand. Failure 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/>.)



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

2) (20 points) Illustrate the effect of an increase in population on the PPF (PPC) for cars vs. houses. Explain why the curve moved as drawn.

3) (20 points) Illustrate the effect upon a PPF (PPC) for doors vs. airplanes of a new ban on logging in West Virginia would have if it was enacted. Explain why the curve moved as drawn.

4) (20 points) Illustrate the effect of an increase in the population on the supply and demand for corn. Explain why the curve(s) moved as drawn. What happens to the price and quantity sold?

5) (20 points) Illustrate the effect of an increase in the price of corn on the supply and demand for wheat. Explain why the curve(s) moved as drawn. What happens to the price of wheat and the quantity of wheat sold?