Wilfrid W. Csaplar Jr., Ph.D.   Economics 162   Exam #1   2017/9/15

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) (12 points) Answer EITHER Part A OR Part B.
A) Use terminology and logic from economics to explain why not everybody attended the review session
last night.
B) When I graded the first homework question on the second homework assignment, I gave some
students credit for stating the meal plan was an opportunity cost of going to college. However, some
students did not get credit for stating the meal plan was an opportunity cost of college. Explain why I
accepted the meal plan in some cases but not others.

2) (14 points) Answer EITHER Part A OR Part B.
A) Draw the PPF tomatoes and cucumbers. Illustrate the effects of Trump's proposal to kick out all of
the illegal aliens who harvest much of those crops. Explain why the curve moved as drawn.
B) Draw the PPF for orange juice and cars. Illustrate the effects of Hurricane Irma which destroyed
many orange trees. Explain why the curve moved as drawn.

3) (18 points) Answer EITHER Part A OR Part B.
A) Draw the supply and demand for water bottles. Illustrate the effects of an increase in the population.
Explain why the curve(s) moved as drawn. What happens to the price and quantity of water bottles?
B) Draw the supply and demand for personal music players like an iPod. Illustrate the effects of an
decrease in the price of smart phones. Explain why the curve(s) moved as drawn. What happens to the
price and quantity of music players?

4) (18 points) Answer EITHER Part A OR Part B.
A) Draw a normal shaped PPF for grocery bags and t-shirts. You do not need a scale. Find a point on
the graph where the opportunity costs of a t-shirt is approximately 2 bags. Explain how you found the
point.
B) Draw the line $Y = 7 - (3/2)X$. Find the Y-intercept, X-intercept, and slope. Show all work.

5) (18 points) Answer EITHER Part A OR Part B.
A) Draw the supply and demand for ethanol from corn. Illustrate the effects of the price of corn in the
grocery store going up. Explain why the curve(s) moved as drawn. What happens to the price and
quantity of ethanol?
B) Draw the supply and demand for chairs. Illustrate the effects of decrease in the price of wood.
Explain why the curve(s) moved as drawn. What happens to the price and quantity of chairs? Explain
your logic.

6) (20 points) Answer EITHER Part A OR Part B.
A) Draw the supply and demand for hats. Illustrate the effects of a price ceiling on hats. Explain why
your graph changed as drawn. Are consumers helped or hurt? Explain your logic. Are producers helped
or hurt? Explain your logic.
B) Draw the supply and demand for vests. Illustrate the effects of a quota restricting the number of vests
which can be made. Explain why your graph changed as drawn. Are consumers helped or hurt? Explain
your logic. Are producers helped or hurt? Explain your logic.