

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) In the song “Dopeman” by Less Than Jake, they sing, “It's either work at McDonalds or the corner store. A quick money fix from a deal or two.” Use terminology from this course to explain what they are saying.

B) In the song “It’s Still Rock And Roll To Me” by Billy Joel, he sings, “Should I try to be a straight 'A' student? If you are then you think too much.” Use terminology from this course to explain what they are saying.

2) (16 points) Answer EITHER Part A OR Part B.

A) Draw a PPF for shirts and race cars. Illustrate the effect of an increase in population. Explain why the curve moved as drawn.

B) Draw a PPF for solar panels and doors. Illustrate the effects of a new law which greatly restricts the number of trees which can be cut down. Explain why the curve moved as drawn.

3) (16 points) Answer EITHER Part A OR Part B.

A) Draw a PPF for hats and coats. Find a point where the opportunity costs of a coat is approximately 2 hats. Explain how that point shows the opportunity costs of a coat is about 2 hats.

B) State and prove the *law of comparative advantage*. What does that mean about whether President Trump’s trade restrictions on China make sense from an economic impact point of view. Explain your logic.

4) (18 points) Answer EITHER Part A OR Part B.

A) In January through May of 2008, most people expected the price of rice was going to go up. Illustrate what you would guess happened on the supply/demand for rice. Explain why the curve(s) moved as drawn using only the information I have provided. What happened to the price and quantity of rice sold?

B) Draw the supply/demand diagram for corn-on-the-cob in a grocery store. Illustrate the effects of more people using trash bags made from corn oil. (Corn oil plastic bags will decompose while traditional bags will not.) Explain why the curve(s) moved as drawn. What happens to the price and quantity sold of corn-on-the-cob in the grocery store?

5) (18 points) Answer EITHER Part A OR Part B.

A) Draw the supply/demand for computers for home use. Illustrate the effects of COVID-19 on the graph. Explain why the curve(s) moved as drawn. What happens to the price and quantity sold?

B) Draw the supply/demand for landline telephones. Illustrate the effects of the invention of smart phones. Explain why the curve(s) moved as drawn. What happens to the price and quantity sold?

6) (20 points) Answer EITHER Part A OR Part B.

A) Draw the supply and demand for hats. Illustrate the effects of a quota on hats. Explain why the diagram changed as drawn. For both consumers and producers, are they helped or hurt. Explain your logic.

B) Draw the supply and demand for rental housing. Sweden has rent controls (price ceiling). Illustrate the effects of the rent controls on the diagram. Explain why your diagram changed as drawn. Are consumers and producers helped or hurt? Explain your logic.