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 170 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) (10 points each) For TWO of the following products, what do you feel is the value of the own price elasticity of demand (E_p)? Explain why you chose that number.
A) The textbook for this course
B) Briefcases
C) Cigarettes

2) (12 points) Answer EITHER Part A OR Part B.
A) Suppose you were to lend a friend $500. You want a 7% return. They will make five annual payments. Set up the equation which will determine the payments. Do not solve it. Briefly explain why you put those numbers in the positions you placed them.
B) Suppose you win the lottery and decide to take the money over 20 years. They pay you $50,000 each year. Set up the equation which would determine the value of what you earned. Briefly explain why you put those numbers in the positions you placed them.

3) (14 points) Answer EITHER Part A OR Part B.
A) Draw the total cost curve. Explain why it takes its shape.
B) We have not discussed productivity of labor, but the relationships between total (TPL), average (APL), and marginal (MPL) are the same as for all other totals, averages, and marginals. If the $TPL = -2 + 10L - 3L^2$, then what are the APL and MPL functions? Show all work and briefly explain what you did.

4) (18 points) Answer EITHER Part A OR Part B.
A) Illustrate the effects of an increase in the price of diesel fuel on the supply and demand for heating oil. (Both come from oil.) Explain why the curve(s) moved as drawn. What happens to the price and quantity sold?
B) Illustrate the effects of an increase in the price of wood on the supply and demand for new houses. Explain why the curve(s) moved as drawn. What happens to the price and quantity sold?

5) (18 points) Answer EITHER Part A OR Part B.
A) What is meant by *TQM*? Why must the company have a shared vision to work.
B) What is meant by *re-engineering*? What is a potential drawback to doing it?

6) (18 points) Copy the table into your test booklet. Fill it in. Show all work. If there is no work, then explain how you got the answer. Assume there are no fixed costs.

Q	TC	ATC	MC
1	16		
3		10	
	50	10	
	84		17

7) (0 points) I would like your input on the candidates we brought to campus. Give them a grade (0 - 100 with 100 being best) and give a quick explanation of why you gave that rating. In order of appearance, they were Friday 2/4 - Elisa Hovander; Monday 2/7 - Johnny Ducking (football player); and last Friday 2/11 - Andreas Schick.