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) (10 points) Answer EITHER Part A OR Part B.
A) Use economic terminology and economic logic to prove the old adage, "Time is money."
B) When going over the homework, we said that the meal plan may not be an opportunity costs of going to college. Explain why it might **not** be an opportunity cost of attending college.

2) (10 points) Using the graph to the right, find EITHER the opportunity costs of the 4th car OR the opportunity costs of the 7th telephone. For this question, **and only this question**, I will grade what you write on the graph on the question sheet. Show all work and briefly explain how what you did.
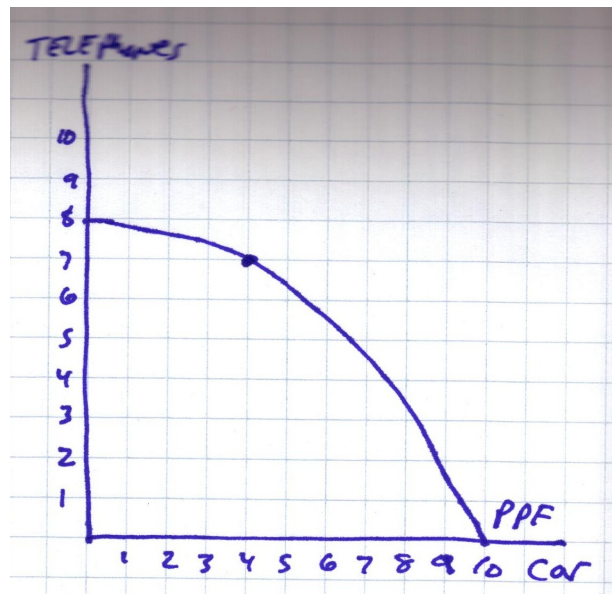


3) (14 points) Answer EITHER Part A OR Part B.
A) Suppose a demand curve is given by the equation $P = 5 - \frac{1}{2}Q$. Plot that graph. What are the slope and vertical intercept? Briefly explain how you did it.
B) Suppose a supply curve is given by the equation $P = 2 + \frac{1}{2}Q$. Plot that graph. What are the slope and vertical intercept? Briefly explain how you did it.

4) (16 points) Draw a PPF for haircuts and oil.
Illustrate the effects of EITHER a better pair of scissors OR a new oil well is dug. Explain why the curve moved as drawn.

5) (16 points each) Answer TWO of the following questions.
A) Draw the supply and demand for apples. Illustrate the effects of an increase in the population. Explain why the curve(s) moved as drawn. What happens to the quantity sold and the price?
B) Draw the supply and demand for cars. Illustrate the effects of an expected increase in the price of cars next week. Explain why the curve(s) moved as drawn. What happens to the quantity sold and the price?
C) Draw the supply and demand for wooden hockey sticks. Illustrate the effects of an increase in the price of wooden baseball bats. Explain why the curve(s) moved as drawn. What happens to the quantity sold and the price?

6) (18 points) For EITHER a price ceiling OR a price floor, draw that on the supply and demand for bread. What problem is created? If the government does nothing, then how will the market solve this problem?