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. **Except for Question #1, I will not grade what is written on this sheet.**

1) (12 points) For this question, you can draw directly on the graph. **However, do all calculations and explanations in the bluebook.** Answer EITHER Part A OR Part B.
A) Approximately, what is the opportunity costs of the 4th coat? Show all work in the bluebook and briefly explain how you found it.
B) Approximately, what is the opportunity costs of the 9th hat? Show all work in the bluebook and briefly explain how you found it.

2) (12 points) Answer EITHER Part A OR Part B.
A) Some books define economics as "the study of incentives" What does that statement mean? Give an example in your explanation.
B) Draw the points (0,4) and (2, 3). Plot a line between the points. Write the equation for the line in the standard slope-intercept form. BRIEFLY state what you did.

3) (14 points) Answer EITHER Part A OR Part B.
A) It has been said, "There is no such thing as a free lunch." Explain why your eating a free lunch is not free to you using terminology from economics.
B) The rock star Rod Stewart was offered a contract to play professional soccer. He did not accept the offer. Use terminology from economics to explain why you think he may have turned it down.

4) (18 points) Answer EITHER Part A OR Part B.
A) Draw the PPF for doors and cars. Illustrate the effects of an earthquake which destroys a lot of buildings. Explain why the curve moved as drawn.
B) Draw the PPF for textbooks and shirts. Illustrate the effects of a law which restricts how many trees can be cut down. Explain why the curve moved as drawn.

5) (20 points) Draw the supply and demand for bottled water. Illustrate the effects of EITHER the event in Part A OR the event in Part B. Explain why the curve(s) moved as drawn. What happens to the equilibrium price and quantity?
A) The price of plastic increases.
B) The problems with Flint Michigan's water cause people to not trust their tap water.

6) (24 points) Answer EITHER Part A OR Part B.
A) Draw a supply and demand diagram for bread. Draw a price ceiling on bread which affects the market. What is the problem caused by the ceiling? Explain how you know that is the problem. If the government does nothing, how will the market correct the problem? Explain your logic.
B) Draw the supply and demand for sheets. Illustrate the effects of an increase in the price of pants. Explain why the curve(s) moved as drawn. What happens to the price and quantity of sheets sold? Show the before and after price and quantities on the graph.