

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) (14 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 7th coat? Show all work in the bluebook and briefly explain how you found it.

B) Approximately, what is the opportunity costs of the 6th fan? Show all work in the bluebook and briefly explain how you found it.

2) (10 points) Answer EITHER Part A OR Part B.

A) One of the items on the list of things which moves the demand curve is really an example of opportunity costs. Which item is that? Explain your logic.

B) Use terminology and logic from economics to explain why there are so few A's in my classes even though most of you could earn an A.

3) (16 points) Draw a PPF for shirts and pants. Illustrate the effects of EITHER an increase in the number of sewing machines OR the invention of a new material that is easier to make clothing out of. Explain why the curve moved as drawn.

4) (18 points each) Answer TWO of the following questions.

A) Draw the supply and demand for sodas. Illustrate the effects of an increase in diabetes. (Diabetics are not supposed to drink sugary drinks.) Explain why the curve(s) moved as drawn. What happens to the price and quantity sold?

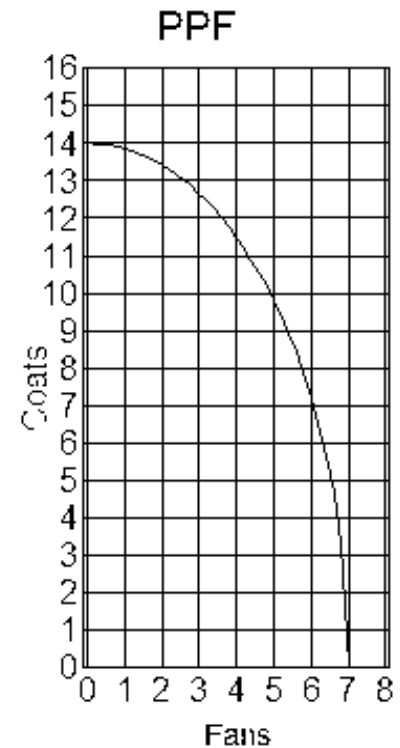
B) Draw the supply and demand for corn in the grocery store. Illustrate the effects of increased use of ethanol. (Ethanol is made from corn in the USA.) Explain why the curve(s) moved as drawn. What happens to the price of corn in the grocery store and quantity sold?

C) Draw the supply and demand for cars. Illustrate the effects of an increase in the price of aluminum and steel. Explain why the curve(s) moved as drawn. What happens to the price of cars and the quantity of cars sold?

5) (24 points) Answer EITHER Part A OR Part B.

A) Draw the supply and demand for water. Some countries have proposed a price ceiling on water. Illustrate the effects of that on the diagram. Explain why you changed the diagram as you did. Find the consumer surplus, producer surplus, deadweight loss, and any other important area (if appropriate) for both before and after the ceiling's implementation. State how you got them.

B) Draw the supply and demand for cigarettes. Suppose there was a quota on cigarettes. Illustrate the effects of that event on the graph. Explain why you changed the diagram as you did. Find the consumer surplus, producer surplus, deadweight loss, and any other important area (if appropriate) for both before and after the quota's implementation. State how you got them.



TODAY at 3:30 in Richardson 110, a sports economist will be talking about bias in sports judging.