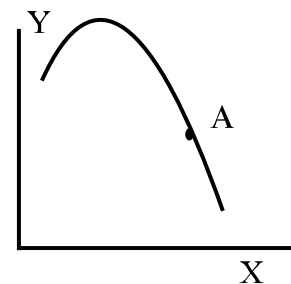


Do not write your name on the assignment. Write your name only on the back of this sheet of paper and staple your answers on the front of this sheet of paper. Failure to follow these directions will cost you 1 point on the assignment.

1) (10 points each) Determine if each statement is positive or normative. Then explain the logic that brought you to that conclusion.

- A) Bethany College pays its professors below the nationwide average of similar schools.
- B) Bethany College should pay its professors more.
- C) If Bethany College wants to keep its best young professors, then it should pay more.

2) (15 points) Estimate the slope of the line at point A in the graph. Explain how you made the estimation. You can draw directly on this graph.



3) (15 points) Suppose that you want to see the Dropkick Murphy on February 4th, in Pittsburgh. What would be your opportunity costs of going to it?

4) (20 points each) Illustrate the following events on their own PPF (PPC) for bananas and computers. Explain the movement(s) of the curve(s).

- A) There are more people.
- B) There is an improved fertilizer.