

Do NOT write your name anywhere. (Canvas will tell me who turned in the exam.) Take pictures of your answers and use your own software or <https://pdfcandy.com/> to create a PDF for each answer which requires an upload. If it is large, resize it to A4. Upload that to Canvas. Upload each answer as a separate file with that question. Failure to follow directions will cost you one point. People with Apple products may need to use CamScanner app.

You are not allowed to use your books, notes, the internet, or other people when taking this test. You can use the internet to access Canvas and to convert your answers to PDF files. Nothing else.

If you run out of time or lose your internet connection, you can do a second submission. You do NOT have to redo the questions you already did. I will be able to see every submission. If you have problems, you can always contact me via Zoom or e-mail. If you use Zoom, open it in a new tab or window.

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 have it set up to only give you an hour and a half.

1) (10 points) Answer EITHER Part OR Part B.

A) Most students did not attend last night's review session. Use terminology and logic from this course to explain why so few attended.

B) When we discussed the movements of the supply curve, we included "the price of a substitute in production." I also said that except for the number of firms, everything on that list was a type of marginal cost. Explain how the price of a substitute in production is a marginal cost.

1) (14 points) Answer EITHER Part A OR Part B.

A) Draw the line  $Y = 3 - \frac{2}{3}X$ . Find the Y-intercept, X-intercept, and the slope. Show all work. If there is no work, briefly state what you did.

B) On the question of opportunity costs of going to college, I did not accept "housing" and "meal plan" from most because of the way people worded it. Explain why I did not accept them. However, if a student had worded it differently, I would have accepted them. How would the student have to word it for me to accept them? Explain your logic.

2) (18 points) Answer EITHER Part A OR Part B.

A) Draw the supply and demand for cars. Illustrate the effects of a decrease in people's incomes. Explain why the curve(s) moved as drawn. What happens to the price and quantity sold?

B) Draw the supply and demand for masks. Illustrate the effects of COVID-19 on the graph. Explain why the curve(s) moved as drawn. What happens to the price and quantity sold?

4) (18 points) Answer EITHER Part A OR Part B.

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

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

5) (18 points) Answer EITHER Part A OR Part B.

A) Draw the supply and demand for hats. Illustrate the effects of a quota on hats. Explain why the graph changed as drawn. Are consumers helped or hurt? Explain your logic. Are producers helped or hurt? Explain your logic.

B) Draw the supply and demand for milk. Illustrate the effects of a price ceiling on milk. Explain why the graph changed as drawn. Are consumers helped or hurt? Explain your logic. Are producers helped or hurt? Explain your logic.

6) (22 points) Answer EITHER Part A OR Part B.

A) On the homework, I asked you to show the effects of COVID-19 on the PPF for masks and hand sanitizers. Explain why moving the curve out was wrong. Illustrate one of the three answers I said was

acceptable. Explain why the diagram changed as drawn.

B) Draw the PPF for seafood and coastal vacations. Illustrate the effects of Hurricane Laura destroying boats and coastal hotels. Explain why the curve moved as drawn. Given your diagram, is the absolute value of the slope of the PPF the opportunity costs of seafood or the opportunity costs of coastal vacations. Explain your logic.