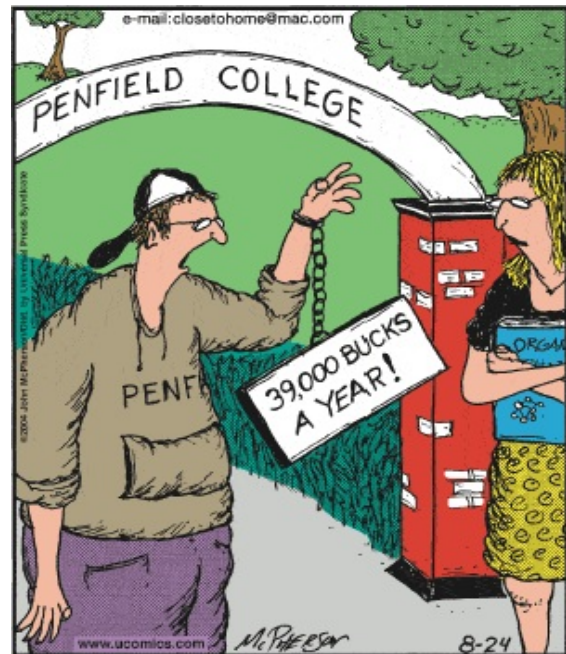


Place your name on the back of this sheet of paper and nowhere else. Staple your answers face up on the front of this sheet of paper. Failure to follow these directions will cost you 10 points. Your assignment will be typed, except graphs can be drawn by hand and mathematical equations can be done by hand. Failure to type it will cost you 10 points. If you use double-sided printing or print on the back of scrap paper, I will give you one additional point.

1) (20 points) Assume the \$39,000 in the comic strip by John McPherson is the value of the opportunity costs of a year at Penfield College. If you were his father, what things would you have included in **calculating** the number? Note, I am asking how the father calculated the number – not the uses of the money. Therefore, do not say, “He could have bought a new car.” Explain your logic and include at least four costs. (More of his comics can be found at <http://www.closetohome.com/>.)



"My dad is making me wear this until I get my GPA over 2.2."

2) (20 points) Draw the PPF for wheat and computers. Illustrate the effects of an improved fertilizer. Explain why the curve moved as drawn..

3) (20 points) Draw the PPF for apples and handicrafts. The first article describes the damage done to parts of Nepal, Pakistan, and India. Illustrate the effects of the floods on the PPF. Explain why the curve moved as drawn. (According to the second and third links below, apples and handicrafts are major exports of the area where the floods occur.)
<https://www.egyptindependent.com/sudden-heavy-rain-in-pakistan-india-administered-kashmir-and-nepal-kills-more-than-300-people/> <https://kashmirilife.net/kashmir-exports-1-3-million-metric-tonnes-of-apples-so-far-in-2024-25-384610/> https://www.business-standard.com/industry/news/kashmir-s-handicraft-and-handloom-exports-stood-at-rs-2-567-crore-125022300340_1.html

4) (20 points) Draw a PPF for face masks and hand sanitizer. Illustrate the effects of COVID-19 in 2020. Explain why the curve moved as drawn. Be careful, your first instinct is probably wrong. There are three very different correct answers, depending upon how you interpret the question and how you argue.

5) (10 points) State the Law of Comparative Advantage. Does that mean we should have free trade or should we put restrictions on trade? Explain your logic.

6) (10 points) The news reporters normally try to be objective and make only positive statements (unless they are explicitly giving an opinion). However, there are decisions involved in the news broadcast which are inherently normative. Give an example and explain why it is a normative decision. Hint: I am looking for a decision which is being made when not giving an opinion.