Wilfrid W. Csaplar Jr., Ph.D. Economics 202 Exam #1 2025/9/12

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 can give extra time but not a lot.

1) (10 points) Answer EITHER Part A OR Part B.
A) Use terminology and logic from this course to explain why few students get an A in this course, even though everybody who takes it is smart enough to get an A.
B) In the song “Dopeman” by Less Than Jake, they sing, “It's either work at McDonalds or the corner store. A quick money fix from a deal or two.” Use terminology from this course to explain what they are saying.

2) (12 points) Answer EITHER Part A OR Part B.
A) What are public goods? Why do we need a government to supply them? Explain your logic.
B) Why is redistributing income some, a good thing for the economy? Explain your logic. (Obviously, too much income redistribution is bad for the economy.

3) (14 points) Answer EITHER Part A OR Part B.
A) State the Law of Comparative Advantage. What does that mean about President Trump’s import tariffs? Explain your logic.
B) Without drawing a graph, explain why we produce too much of things which cause negative externalities. Make sure you give economic logic.

4) (14 points) Answer EITHER Part A OR Part B.
A) Draw a PPF for cars and jackets. Find a point where the opportunity costs of a car is approximately three jackets. Explain how you figured out where that point was.
B) Draw a PPF for chairs and food. Illustrate the effects of an increase in population. Explain why the curve moved as drawn.

5) (16 points) Answer EITHER Part A OR Part B.
A) Draw the supply/demand for a degree in economics when people find out that people with degrees in economics earn more over their lifetime than people with business degrees. Explain why the curve(s) moved as drawn. What happens to the price and quantity of degrees in economics.
B) Draw the supply/demand for solar panels for generating electricity which is resulting from people becoming more concerned about climate change. What happens to the price and quantity of solar panels sold?

6) (16 points) Answer EITHER Part A OR Part B.
A) President Trump’s tariffs on imported steel have raised the price of steel. Illustrate the effects of that on the supply/demand for cars. Explain why the curve(s) moved as drawn. What happens to the price and quantity of cars sold?
B) Draw the supply/demand for corn in the grocery store. There is an increasing demand for plastic bags made from corn oil. Illustrate the effects of that on the graph for corn in the grocery store. Explain why the curve(s) moved as drawn. What happens to the price of corn in the store and the quantity sold at the grocery store?

7) (18 points) Answer EITHER Part A OR Part B.
A) California considered this past spring, passing a bill (AB 1157) which would have put limits on how much rent can go up. (Think of it as a price ceiling.) Illustrate what would have happened if the law was

passed. Explain why the diagram changed as drawn. Would this hurt or help people who live in apartments? Explain your logic. https://caanet.org/caa-derails-rent-control-measure-as-push-stalls-in-legislature/

B) Draw the supply/demand for hats, illustrate a quota on hats. Explain why the diagram changes as drawn. What happens to the price and quantity? Are consumers helped or hurt? Explain your logic. Are Producers helped or hurt? Explain your logic.