

Place your name on the back of this sheet of paper and nowhere else. Staple your answers 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) (15 points) What is adjusted net saving? How will that impact the future economy? Explain your logic.
- 2) (25 points) Draw the SMC/PMC/D diagram. Explain the reason you drew the shape and distance between the two MC curves. Use your diagram to prove that the market will not produce the optimal quantity.
- 3) (25 points) Draw the MEC/MAC diagram the way I drew it in class. Explain why each of the curves takes its shape. Prove that the point where the two curves cross is the optimal point.
- 4) (20 points) Explain the Coase Theorem. Why should it hold? Why is unlikely to hold when it comes to factories like the factory in Follansbee?
- 5) (15 points) Explain the meaning of the phrase “tragedy of the commons”. What current problem can be explained by that model? Explain your logic.
- 6) (0 points) The following three songs are on the same CD I own. One is about food. One is not about food. And, I have no idea about the other one. Tell me which song is about food, which is not, and which is uncertain.
 - A) Cheeseburger Maker Dü
 - B) Cream Chipped Beef
 - C) Purgatory Sandwich With Mustard(Note the date this assignment is due.)