

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 cannot give extra time because I have a meeting after your class.

1) (12 points) Answer EITHER Part A OR Part B.

A) Use terminology from this class to explain why rich people rarely clip coupons, but poor people usually do.

B) Use terminology from this class to explain the phrase, "Time is money."

2) (14 points) For EITHER income redistribution OR public goods, define what it means and explain why we need a government to do that. Note that I am looking for economic reasons only. Do not give me a non-economic reason.

3) (18 points) Answer EITHER Part A OR Part B.

A) Draw a PPF for food and cars. Illustrate the effects of President Trump kicking out people who are here illegally. (According to the National Agriculture Workers Survey, 44% of farm workers are illegal immigrants.) Explain why the curve moved as drawn.

B) Draw a PPF for desks and shirts. Find where we would be if there was a high unemployment rate. Explain how you chose that point. (There are many correct points with the same explanation.)

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

A) Draw a S/D diagram for beef. Illustrate the effects of the price of chicken going up (because of bird flu). Explain why the curve(s) moved as drawn. What happens to the price and quantity sold?

B) Draw a S/D diagram for bread. Illustrate the effects of the price of butter going down. Explain why the curve(s) moved as drawn. What happens to the price and quantity sold?

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

A) Draw a S/D diagram for t-shirts. Illustrate the effects of the price of curtains going down. Explain why the curve(s) moved as drawn. What happens to the price and quantity of t-shirts sold?

B) Draw a S/D diagram for wooden desks. Illustrate the effects of the price of wood going down. Explain why the curve(s) moved as drawn. What happens to the price and quantity sold?

6) (20 points) Answer EITHER Part A OR Part B.

A) Scotland has a price floor for alcohol. Draw a S/D diagram for that. Explain why the diagram looks as drawn. What problem does this cause?

B) Draw a PPF for paper plates and note pads. Find a point where you think the opportunity costs of a paper plate is 2 pads. Explain how you chose that point.