

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 poor people who live on farms in poor countries, often do not send their children to school.

B) Use terminology from this class to explain why last May, just before final exams, I did not go to see three great bands in a single concert in Brooklyn, NY. (Living Colour, Fishbone, & Bad Brains)

2) (14 points) For EITHER provide a legal system OR public goods, define what it means and explain why we need a government to do that.

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 clothing. Illustrate the effects of the world population going up. Explain why the curve(s) moved as drawn. What happens to the price and quantity sold?

B) Draw a S/D diagram for music on vinyl. Illustrate the effects of people realizing that vinyl is bad for the environment. 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 fire trucks. Illustrate the effects of the price of ambulances going down. Explain why the curve(s) moved as drawn. What happens to the price and quantity of fire trucks sold?

B) Draw a S/D diagram for t-shirts. Illustrate the effects of the price of cotton 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) Draw a PPF for shirts and pants. Find a point where you think the opportunity costs of a shirt is 2 pants. Explain how you chose that point.

B) Suppose the government puts a quota on the number of hats which can be made. Draw a S/D diagram which shows that. Explain why the graph looks as drawn. Are producers helped or hurt? Explain your logic.