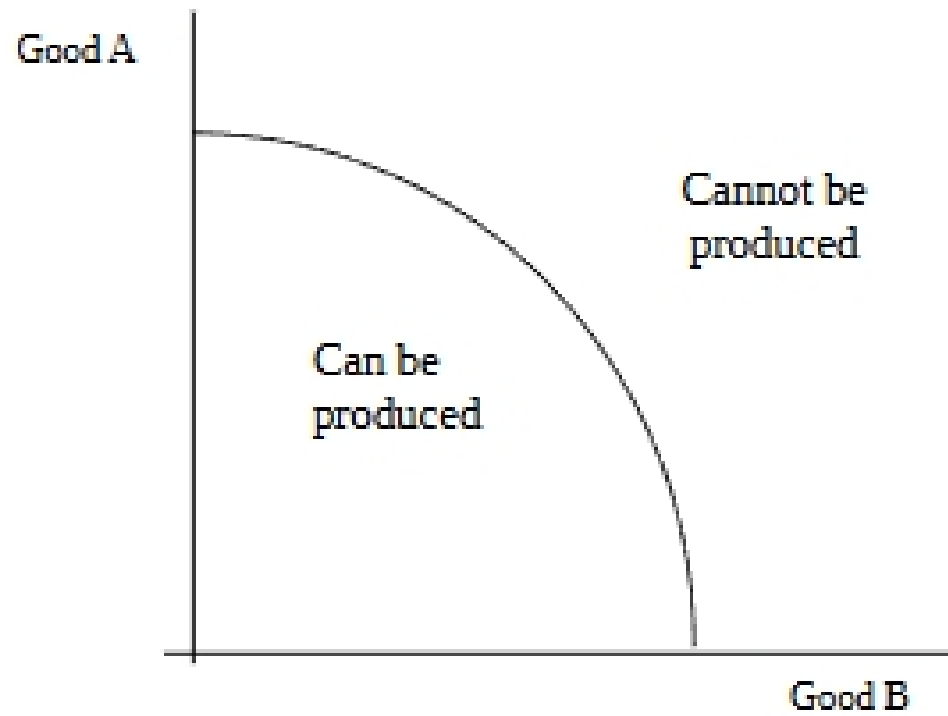
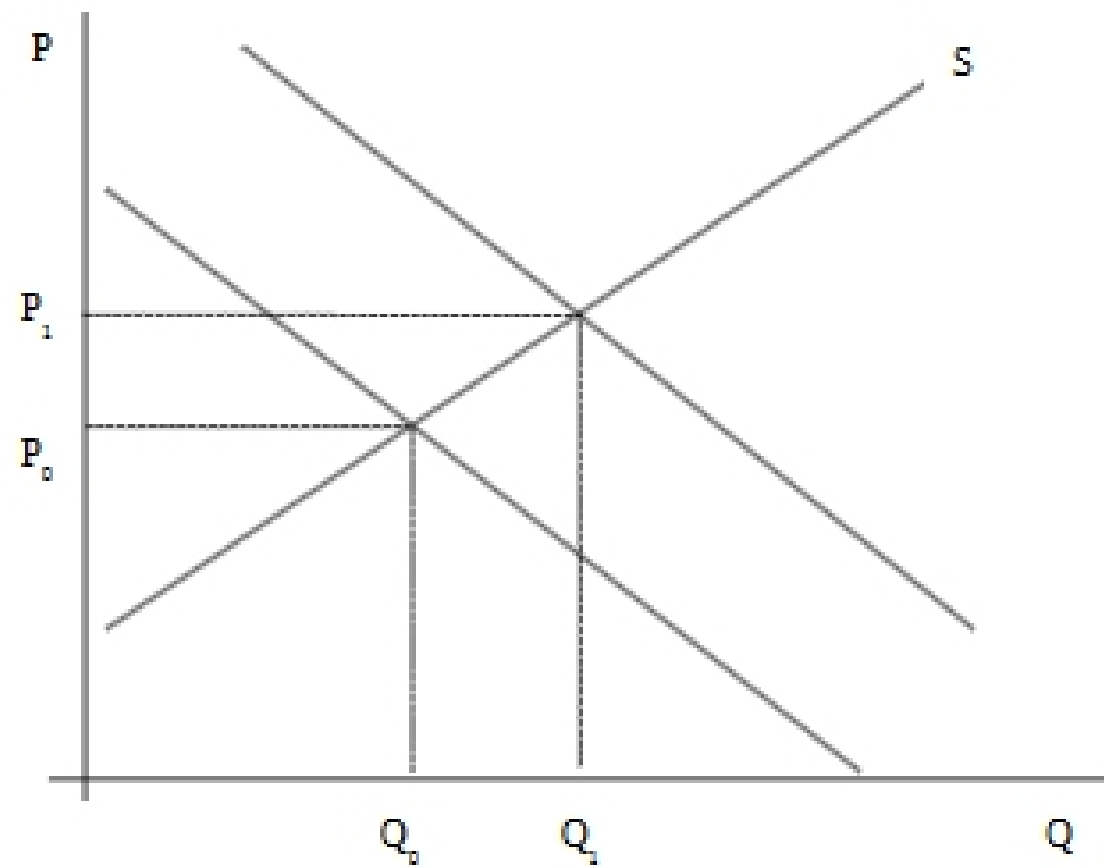


**Short answer – five points each**

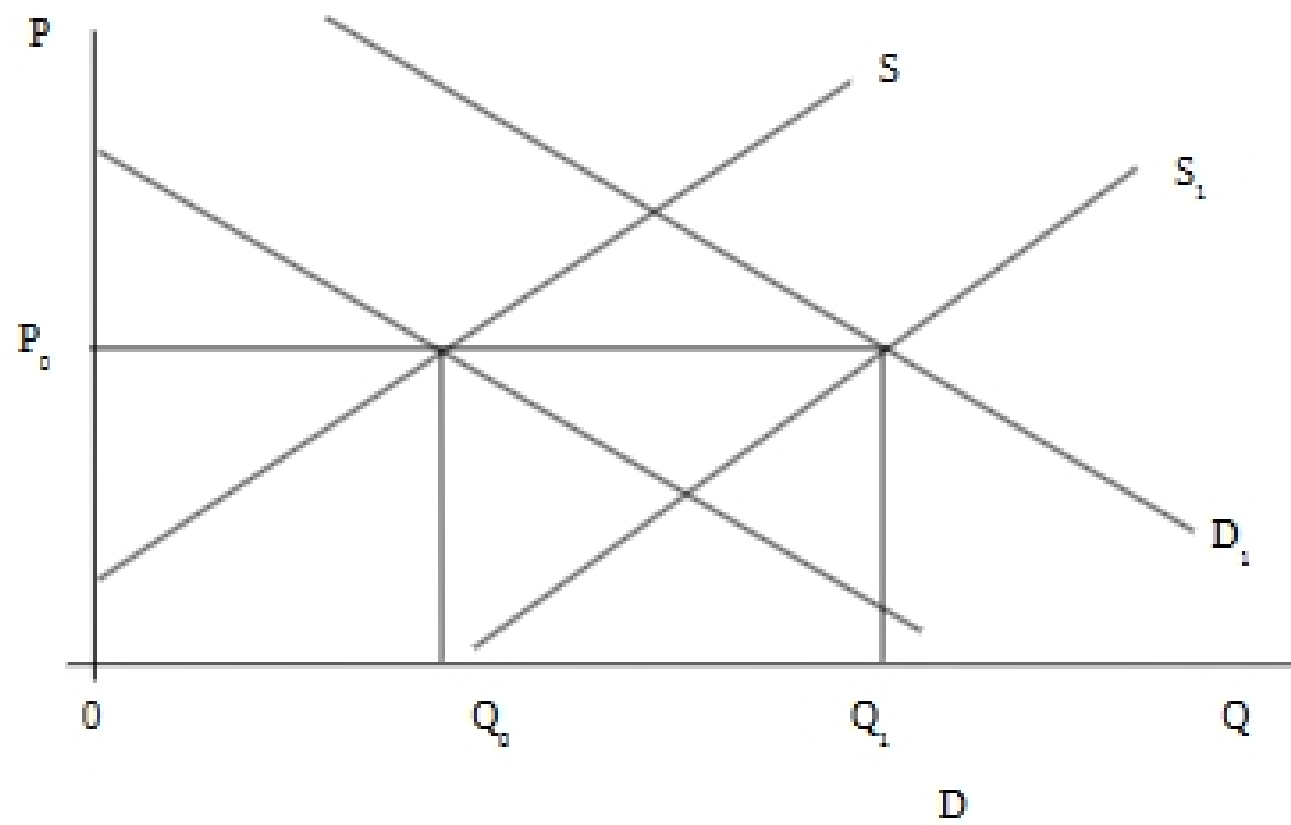
1. What is the true cost of any decision we make?  
**Opportunity cost**
2. Draw a production possibilities curve (frontier) and distinguish what can be produced from what cannot be produced currently. Be sure the curve reflects the reality of production alternatives.



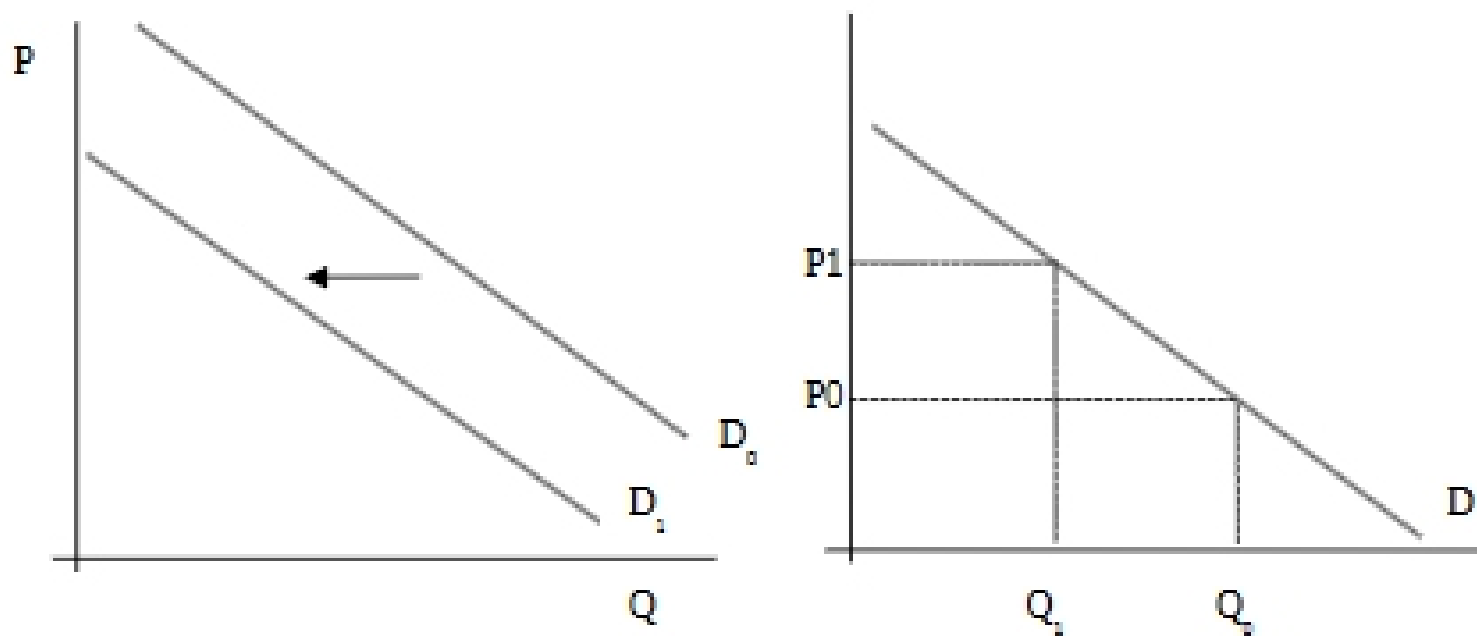
3. Diagram the market for cell phones and then show on the same diagram the impact of more buyers with increased income. Be sure to show initial and new market outcomes.



4. Show with a diagram how prices would remain the same when the quantity exchanged increases.



5. Use two graphs to show the difference between a decrease in quantity demanded versus a decrease in demand.



6. Use a diagram to show why summer clothes have lower prices today than they were six weeks ago.