1. Jonatha commutes from her suburban residence in Elk Grove to the city center of Sacramento. When asked of her opinion of a proposed congestion tax of $5.00 per trip, she says, “Of course I oppose the congestion tax. It would make me worse off by $5.00 per trip. What do you think I am, stupid?” Critically appraise Jonatha’s statement.

2. The city of Evilville suffers from two types of crimes, marijuana consumption and burglary. Suppose that you must decide how to allocate the city’s crime-fighting resources between the two types of crime. The marginal-prevention-cost (MPC) curves are linear, and for a given crime rate, the marijuana MPC is twice the burglary MPC. The marginal-victim-cost (MVC) curves are horizontal. Under what conditions will the optimum number of marijuana crimes be less than the number of burglaries? Illustrate your answer with a graph.
3. In Weather City, the winters are cold and the summers are hot and humid. In Mild City, the winters and summers are mild. Except for the differences in weather, the two cities are similar. Would you expect the distance between bus stops to be longer or shorter in Mild City?

4. Suppose you built a low-income house that qualifies for the low-income housing tax credit. The cost of building the house is $100,000.
   A. Over a 10-year period, what is your tax credit?
   B. Based on Quigley’s (2000) results, predict the market value of the house.
   C. Why is the market value less than the building cost?

Ungraded Portion:
1. According to Summers and Wolfe (1977), low achievers learn more in small classes and with inexperienced teachers, while high achievers learn more in large classes with experienced teachers. Why?