**#4** If I won $100.00 I would put it away for a year in the bank. I would do this instead of spending it now because not only is it wise to save money for a rainy day, or for use in case of an emergency, but a 5% interest rate is very hard to come by unless you are talking about credit cards. My opportunity cost of keeping the $100 is higher than spending it on something at the current time.

**#8** A. This could cause people to try to hunt more actively for jobs because they know that once 2 years is up they would have no other source of income. This in turn would decrease unemployment in the long run because there is incentive to work and not live off of the welfare system.

B. This causes a swing in equality vs. efficiency because as you cut welfare down you decrease equality as people are no longer given the same amount of time to search for a job, but on the other hand efficiency is shifted to the right. These people who would otherwise be collecting welfare would have more incentive to reenter the workforce, and in addition to this less money would be allocated to the welfare fund and more products and services would be created.