

Homework 1 – KEY

Due on 22/8/2023, by 23:00

Average: 96.56 + Opts GI bonus

Percentages indicate % of students who picked that answer

This assignment is optional but STRONGLY RECOMMENDED. If you do not submit the answers till the deadline, the score of your final exam will substitute for the score for this assignment. Submit only the correct letter for each task on eLearn under 'Quizzes' within 'COR2100-Economics and Society G7-8-26-49'. Note that the actual text of questions and answers is not supposed to appear on the eLearn quiz. You have unlimited attempts. The system is programmed to credit your last attempt. Be informed that if you submit an attempt and afterwards you re-open the quiz, you must submit your answers AGAIN. Otherwise, the system will grade the unfinished attempt with 0 (because it is the last one) and there is NOTHING I can do to fix this after the fact. Late homework or homework submitted outside eLearn cannot be accepted as this would violate SMU official policy for fairness and transparency in grading. This assignment is protected by Grade Insurance™: If the assignment's average turns out to be below 75, an equal amount of bonus points will be given to every work, for the average to become 75. Direct any homework questions to your TA.

1. According to the course FAQ document that can be downloaded from the course website, which of the following should a student study before attending each lecture in Economics & Society?
 - A. The corresponding chapters of the main textbook.
 - 13%B. The slides and assigned reading material.
 - C. Relevant videos on YouTube and TikTok.
 - 78%D. **Nothing at all. The course has been designed so that the presentation by the instructor will be the student's first contact with the material. [As explained in the FAQ document]**

2. ✓ According to the course FAQ, why are students recommended to take notes during the lectures?
 - A. Overall, note-taking saves the students time from their study at home.
 - B. Note-taking keeps the brain awake and alert during the lecture.
 - C. Note-taking trains the brain in abstracting and multitasking.
 - 96%D. **All of the above. [As explained in the FAQ document]**

3. ✓ According to the course FAQ, which of the following is true regarding homework assignments?
 - 99%A. **Homework is optional. The score of a student's final exam will substitute the score of missed assignments (if any). [As explained in the FAQ document]**
 - B. Students must opt out of a homework assignment if they cannot submit it.
 - C. Students have to update the instructor if they cannot submit an assignment.
 - D. Homework is mandatory.

4. ✓ Why is it a bad idea to NOT submit homework assignments in this course?
 - A. Homework nudges you to study the material while it is still fresh.
 - B. Homework can alert you for segments of material that you do not really master.
 - C. Homework lessens the total workload of the course instead of increasing it.
 - D. Students who submit homework perform much better in the course in comparison to those who skip the homework.

97%E. **All of the above. [As explained in class]**

5. ✓ According to the course FAQ, can you use a laptop during the lecture?
- A. You must because it is the optimal tool to keep notes.
 - 97%B. **You may but it will not be convenient to keep notes because of complex notation, math and graphs.** *[As explained in the FAQ document]*
 - C. Laptops are not allowed during the lecture.
6. ✓ According to the course FAQ, are students allowed to ask questions during class?
- A. No, questions make them look clueless in front of their fellow students. *[On the contrary, most times there are questions common to many students and answering them benefits the entire class]*
 - B. No, interrupting the professor is rude. *[It is NOT rude if you wait for the instructor to finish their phrase and then you raise your hand asking permission to talk]*
 - 99%C. **Yes, whenever there is something that you do not understand, feel free to ask.** *[Questions often allow me to realize where the material is not well understood]*
 - D. Yes, but only after the end of the lecture. *[The best time to ask is at the moment your query is born]*
7. ✓ According to the course FAQ, which of the following may be a source of discomfort for you in E&S?
- A. Some of the class examples will be about your personal life. *[Nope]*
 - B. The lecture is politically incorrect. *[Neither]*
 - C. The course is hard and many students become disappointed and drop out. *[If you follow the presentation, take notes and study the relevant material, you will surely succeed in this course]*
 - 100%D. **The course often requires out-of-the-box thinking.** *[This course will give you a set of tools that you will have to use creatively in order to explain the economy. Sometimes your process of thinking will work but some others it will not and this may frustrate you]*
8. ✓ According to the course FAQ, in which way does assessment in Economics differ from the assessment in other subjects?
- A. Questions in Economics are simple to understand and solve.
 - B. Questions in Economics are hard to understand and solve.
 - C. Questions in Economics are simple to understand but hard to solve.
 - 94%D. **Questions in Economics are hard to understand but simple to solve.** *[As explained in FAQ]*
9. ✓ Given the Grade Insurance that applies in this course, which of the following is true if the average in this assignment is 66?
- A. If a student scores 60, his insurance adjusted score will be 75.
 - 88%B. **If a student scores 60, his insurance adjusted score will be 69.**
 - C. If a student scores 80, her insurance adjusted score will be 80.
 - D. All students below 75, will receive 75; all students above 75, will not have their grade adjusted. *[If the average score is below 75, GI will give to EVERY student a bonus equal 75 minus the average. In this case every student will receive $75 - 66 = 9$ pts bonus]*

10. ✓ Assume that you have submitted your attempt on e-Learn for this assignment and then, you want to doublecheck that you answered “D” in task 7. So, you start a ‘new attempt’ to check your answers and you verify that you indeed answered “D”, thus, you do not need to submit your answers again. Which of the following will happen according to the instructions of this assignment?

90%A. **You will receive 0 for the assignment because your latest attempt is empty and this cannot be changed.**

B. You will receive the score of your original attempt for the assignment because the new empty attempt will be automatically erased. *[It will not!]*

C. You will receive the score of your original attempt for the assignment because the instructor will manually erase your new empty attempt. *[I cannot!]*

D. You will receive the score of your original attempt minus the points from task 7.

[If you start a ‘new attempt’, you must resubmit your answers, or else you will receive 0 for the whole assignment. Every term, this happens more than 20 times. Please try to avoid it by not starting an attempt unless you are planning to submit it]

11. ✓ Which of the following best describes the fundamental problem of Economics?

98%A. **How societies deal with scarce resources.**

B. How individuals maximize their utility. *[This is an economic problem, but not the fundamental one]*

C. How firms maximize their profits. *[This is an economic problem, but not the fundamental one]*

D. How government policies affect its citizens. *[This is an economic problem, but not the fundamental one]*

12. ✓ Which of the following is a micro variable?

A. Zimbabwe’s inflation rate.

81%B. **The total quantity of cars produced in Germany.**

C. The number of unemployed people in Greece.

10%D. India’s quarterly government spending.

[Inflation rate, unemployment and government spending are macro variables]

13. ✓ Which of the following is a macro variable?

82%A. **The number of employed people in Japan.** *[Refers to the entire economy of Japan]*

B. Annual income of shipowners in Canada. *[Refers to a specific sector of the economy]*

10%C. Carbon emissions in China generated by production of electricity. *[Refers to a specific sector]*

D. The average cost of a scoop of ice-cream in Singapore. *[Refers to a specific product]*

14. ✓ Most students of SMU belong to which of the following economic actors?

93%A. **Households.** *[Students consume the services provided by SMU]*

B. Firms.

C. Government.

D. College students. *[Not an economic actor]*

15. ✓ Which of the following is most likely to be a scarce resource?

A. Sunlight.

B. Inspiration.

C. Singaporean dollars.

92%D. **Lithium.**

[Sunlight, inspiration and money may exist in abundant quantities, while lithium is limited]

16. ✓ Which of the following best measures the opportunity cost of buying a new car?

- A. The money spent on the car.
- 97%B. **The best alternative use of the money spent on buying the car.**
- C. The sum of all alternative uses of the money spent on buying the car.
- D. The maintenance and fuel costs of the car.
- E. The depreciation of the value of the car over time.

[Opportunity cost is the benefit you forgo when you choose something over the next best alternative choice]

17. What is the purpose of using “ceteris-paribus” in economics?

- 73%A. **To isolate the impact of a specific economic variable.**
- B. To estimate outcomes by changing some variables randomly.
- C. To test the validity of economic theories by varying several factors systematically.

22%D. All of the above.

[You should change one variable at a time while keeping everything else equal, in order to isolate its effect on another variable]

18. ✓ Which of the following best describes the concept of “representative agent” in economics?

- A. The agent that represents a firm.
- 98%B. **The agent described by the average characteristics of a group.**
- C. The model that contains many different agents whose choices cannot be aggregated.
- D. The model that recognizes the differences among agents.

[With the representative agent we assume that the economy consists of copies of the average actor, instead of actors of various importance]

t	0	1	2	3	4	5	6	7
U	0	100	180	240	300	335	360	371

Table 1.1: Emma’s total daily utility (U) from various amounts of daily spare time (t) in hours.

19. ✓ According to table 1.1, what is Emma’s marginal utility for the 5th hour? (*hint: quantitative tasks will always offer “around” choices to not give away the correct answer. Pick the alternative closest to your result.*)

- A. Around 20.
- 97%B. **Around 40.**
- C. Around 60.
- D. Around 300.

[The marginal utility from increasing t from 4 to 5 hours is $335 - 300 = 35$]

20. ✓ According to table 1.1, what is Emma’s average utility of a 6-hour daily spare time?

- A. Around 20.
- B. Around 40.
- 92%C. **Around 60.**
- D. Around 360.

t	0	1h	2h	3h	4h	5h	6h	7h
AU	-	100	90	80	75	67	60	53

The average utility AU is the ratio of U divided by t]