

Homework 2

Due on 3/9/2024, by 23:00

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 G10-11-12-13'. 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** or else 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. The demand for ankle socks has decreased. Which of the following could be the reason?
 - A. The price of ankle socks has increased.
 - B. Only boomers still wear ankle socks.
 - C. The price of cotton has decreased.
 - D. Labor costs have increased.
2. Which of the following is most likely to shift the demand for PlayStation to the left?
 - A. A decrease in the price of games for PlayStation.
 - B. A decrease in the price of Xbox.
 - C. An increase in consumer income.
 - D. All of the above.
3. Which of the following is more likely if the government bans smoking completely?
 - A. The quantity demanded for cigarette lighters will increase.
 - B. The quantity demanded for cigarette lighters will decrease.
 - C. The demand for cigarette lighters will increase.
 - D. The demand for cigarette lighters will decrease.
4. Demand for cocoa is $p = 10,000 - 0.5q$. What is the elasticity of demand for cocoa when $q = 4,000$?
 - A. Around -0.25.
 - B. Around -0.5.
 - C. Around -1.
 - D. Around -2.
 - E. Around -4.
 - F. Around -200.
5. When milk is measured in liters, its price elasticity of demand is -1.5. Given that 1 liter is approximately equivalent to 0.26 gallons, what will the price elasticity of demand for milk be when we measure it in gallons?
 - A. -1.5.
 - B. $-1.5/0.26$.
 - C. -1.5×0.26 .
 - D. We cannot tell with the information given.

6. Which of the following is true?
- A. Demand becomes more inelastic as quantity increases.
 - B. Demand becomes less inelastic as quantity increases.
 - C. The elasticity of demand remains constant as quantity increases.
7. Which of the following products would you expect to have the most vertical market demand?
- A. Beer.
 - B. Tobacco.
 - C. Marijuana.
 - D. Heroin.
8. Which of the following goods is most likely to increase government revenue from taxation if an excise tax is imposed on that good?
- A. Wine.
 - B. Cigarettes.
 - C. Pizza.
 - D. Apparel.

Q_A	25	50	100	140
P_B	\$60	\$80	\$120	\$160

Table 2.1: The price of good B and the corresponding quantity demanded of good A.

9. According to table 2.1, which of the following is most likely to be true for goods A and B?
- A. They are complements.
 - B. They are substitutes.
 - C. They are normal.
 - D. They are inferior.
10. Yesterday, I had a veggie burger at Honbo. Which of the following could its opportunity cost be?
- A. The price of a non-vegetarian burger at Honbo.
 - B. The price of the vegetarian burger at Prive.
 - C. My utility from eating my veggie burger.
 - D. The green salad which came with my burger.
 - E. None of the above.

Good afternoon! I always tell my students that before they ask their instructors, TAs, or their classmates any question, they should first have made some reasonable effort to find the answer on their own. The reason is because, more and more, I find students to exhibit various amounts of 'intellectual learned helplessness'. Naturally, when your brain comes across a problem, it is programmed from evolution to try and find the easiest and least costly way to overcome it (the path of least resistance). For intellectual problems, the easiest way always is to find the answer in the key or ask somebody else. This, however, trains the brain to stop thinking every time it comes across something non-trivial and get into a "seek-help-from-somewhere-else mode". When this becomes a habit, independent thinking shuts down completely, leadership abilities deteriorate, and the individual cannot function unless under supervision. I have seen this happening to even exceptionally smart individuals. Please, do not allow this to happen to you, too. If you have a question, push your brain to come up with the answer. Watch/read this part again, and even for a third, fourth, fifth time. Try to think, do your own research, or discuss it with your peers. If the problem is still above your own abilities, do not be shy to ask your instructor: "Professor, I have this question... I thought about it like this... and like that... I searched there... but it still seems that I need your help". Then, we will be glad to give you a hint to help you find the answer, but we will be gladder that you did the work and that next time your brain will be stronger and more independent. Kosmas