

Homework 4

Due on 17/9/2024, 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.

- Which of the following is accurate?
 - Monopolies always have positive profits.
 - Monopolies always have market power.
 - Both A and B.
 - None of the above.

Quantity	1	2	3	4	5	6
Total Revenue	200	350	450	525	575	600
Marginal Cost	80	30	50	75	100	150

Table 4.1: The quantity, total revenue and marginal cost of a monopolist.

- According to table 4.1, how many units will the monopolist produce?
 - 1 unit.
 - 2 units.
 - 3 units.
 - 4 units.
 - 5 units.
 - 6 units.
- According to table 4.1, how much will the monopolist charge?
 - Around \$100.
 - Around \$115.
 - Around \$130.
 - Around \$150.
 - Around \$175.
 - Around \$200.
- Which of the following is true for the profit maximizing markup for a firm with market power?
 - A large markup guarantees profit.
 - Inelastic products allow for higher markup.
 - At the profit maximizing markup, $MR > MC$.
 - None of the above.

5. Which of the following is considered rent-seeking?
- A. The high advertising costs for the public to become aware for a new product.
 - B. The legal cost of a frivolous lawsuit against a potential competitor to keep them out the industry.
 - C. The high price a monopoly charges.
 - D. All of the above.
6. Which of the following is more likely to increase VW's market power in Singapore for its non-EV vehicles?
- A. A ban on Toyota vehicles.
 - B. Stricter emission standards that VW does not meet.
 - C. An increase in the price of COE for non-EVs.
 - D. A tax deduction for purchasing EVs.

Scenario 4.1: The government imposes a sales tax on a previously untaxed PC good.

7. According to scenario 4.1, which of the following is most likely to happen?
- A. The good's supply curve will shift down and right.
 - B. The good's supply curve will shift up and left.
 - C. The good's demand curve will shift up and right.
 - D. The good's demand curve will shift down and left.
8. According to scenario 4.1, if the good's demand curve is vertical and its supply curve is upward sloping, which of the following is accurate?
- A. The burden of the tax will be split between the consumer and the producer.
 - B. The burden of the tax will fall on the producer only.
 - C. The burden of the tax will fall on the consumers only.
 - D. The burden of the tax will be paid by the government.
9. Suppose that the production of the new iPhone has $AVC = 140$. How much will the profit maximizing price be if the elasticity of demand for the iPhone is -1.1 ?
- A. Around \$600.
 - B. Around \$900.
 - C. Around \$1,200.
 - D. Around \$1,500.
 - E. Around \$1,800.
 - F. We have insufficient information to answer.
10. Which of the following is always true for a profit maximizing monopolist?
- A. A change in the market demand does not affect the price.
 - B. The monopolist controls the whole supply of the market.
 - C. Both A and B.
 - D. None of the above.

Good afternoon! Most people believe that success is the result of smart decisions. In reality, this couldn't be further from the truth. People succeed in many different ways, following vastly different paths or even making opposite decisions. However, there is one trait that all successful people share: developing winning habits. Like it or not, it's your habits that determine whether you become a winner or a loser—not your decisions. Losers learn to require constant reminders, start working only when the deadline approaches, and do only the bare minimum, aiming merely to "get by". In contrast, winners are habitually on top of their own schedule, never need a deadline to get the job done, and always strive for excellence. You might not be ready to accept this yet, but the way you approach this very homework now is the same way you'll approach a business project tomorrow or even your own company in the future. So, quit deceiving yourself by thinking: "I'll just half-ass this homework because it doesn't matter much, but I'll do my best later when it really counts." This never works for two reasons. First, in real life, you never know in advance how much something will end up mattering. Second, it leads to the development of loser habits that will follow you forever. Do yourself a favor and break those habits now while it's still early.

Kosmas