

## Homework 1 – KEY

Average: 87.22 + 0pts GI bonus

Percentages indicate % of students who picked that answer

Due on 21/1/2025, by 23:00

The tasks in this assignment were designed for the average student to solve independently after mastering the material. The answers provided here are written in an instructional manner to help you understand the problem-solving process for each task. If you continue to struggle with a task after reviewing this key, the difficulty may stem not from the task itself, but from having missed or overlooked some parts of the required material.

- 1<sup>✓</sup> According to the course FAQ that can be downloaded from the course website, which of the following is true regarding homework assignments?
  - A. Homework is mandatory.
  - B. Students have to inform the instructor if they cannot submit an assignment.
  - 100%**C. Homework is optional. Students' final exam score will automatically replace the score of every missed assignment.**
  - D. Students must opt out of a homework assignment if they cannot submit it.
  
- 2<sup>✓</sup> According to the course FAQ, why is it beneficial to submit homework in this course?
  - A. Students who submit homework perform much better in the course in comparison to those who skip the homework.
  - B. Homework nudges you to study the material while it is still fresh.
  - C. Homework plays a key role in your preparation for the course.
  - 96%**D. All of the above.**
  
- 3<sup>✓</sup> According to the course FAQ, can you use a laptop during the lecture?
  - 99%**A. You may use but it will be cumbersome in notetaking because of complex notation and graphs.**
  - B. You must because it is the optimal tool to keep notes.
  - C. Laptops are not allowed during the lecture.
  
- 4<sup>✓</sup> According to the course FAQ, are students allowed to ask questions during class?
  - A. Yes, but only after the end of the lecture.
  - 99%**B. Yes, whenever there is something that you do not understand, raise your hand and ask.**
  - C. No, interrupting the professor is rude.
  - D. No, questions make them look clueless in front of their fellow students.
  
- 5<sup>✓</sup> According to the course FAQ, which of the following you may NOT like in this course?
  - A. The course is difficult, and many students become disappointed and drop out.
  - 100%**B. The course often requires out-of-the-box thinking.**
  - C. Some of the class examples will be about your personal life. *[Nope!]*
  - D. The lecture is politically incorrect. *[Neither!]*
  
- 6<sup>○</sup> According to the course FAQ, in which way does the assessment in Economics differ from the assessment in other subjects?
  - A. Questions in Economics are easy to understand and solve.
  - 28%**B. Questions in Economics are difficult to understand and solve.**
  - 67%**C. Questions in Economics are difficult to understand but easy to solve.**
  - D. Questions in Economics are easy to understand but difficult to solve.

7. ✓ Given the Grade Insurance that applies in this course, which of the following is true if the average in this assignment is 66?
- 80%A. **If a student scores 60, his insurance-adjusted score will be 69.**
- 11%B. If a student scores 60, his insurance-adjusted score will be 75.
- 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, every student will receive a Grade Insurance bonus equal to 75 minus the average. In this case, every student will receive  $75 - 66 = 9$  pts bonus]*
8. ✓ What will happen if you submit a homework assignment on eLearn and then you reopen it to double-check one of your answers without resubmitting a new attempt?
- 19%A. You will receive the score of your original attempt because the new empty attempt will be automatically erased.
- B. You will receive the score of your original attempt because the instructor will manually erase your new empty attempt.
- 77%C. **You will receive 0 because your latest attempt is empty and this cannot be changed.**
- [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]*
9. (9) According to the course FAQ, where can I find the slides for the video tutorials and the video lectures?
- 33%A. They are posted on the website.
- B. They are posted on Telegram.
- 60%C. **They are available for download down at the YouTube description of each video.**
- D. All of the above.
10. ✓ According to the course FAQ, suppose that a student fails to understand the right answer for a homework task even when she reads it from the answer key. Which of the following is most likely the reason for this?
- A. The question is not well written.
- B. The answer key is not well written.
- C. She did not read the question carefully.
- D. She did not read the answer carefully.
- 99%E. **She has failed to grasp or she has completely missed the part of the material that this task examines.**
11. ✓ Most SMU students belong to which of the following categories of economic actors?
- 98%A. **Households.** *[Most students are just consumers]*
- B. Firms. *[Most students do not produce market products]*
- C. Government. *[Most students do not govern the country]*
12. ✓ Ryan must choose among three jobs: the first pays \$150 per day; the second pays \$110 per day; the third pays \$80 per day. How much is his opportunity cost of choosing the first job?
- 18%A. Around \$40 per day.
- 79%B. **Around \$110 per day.**
- C. Around \$150 per day.
- D. Around \$190 per day.
- [His opportunity cost is the benefit forgone from the next best alternative choice, which is the second job, that pays \$110 per day]*

13✓ In which of the following is “ceteris-paribus” useful?

- A. To test the validity of economic theories by varying several factors systematically.
  - B. To forecast outcomes by changing variables randomly.
  - 94%C. **To isolate the impact of a specific economic variable on a system.**
  - D. To distinguish between correlation and causation.
- [Ceteris paribus is the isolation of the effect of a single variable on a system]*

14. Which of the following is an example for the fallacy of composition?

- 66%A. **The best football team is the one with the best players.** *[Assumes that what is true for the part, must be true for the whole]*
- B. He likes all breads, so he should like sourdough. *[A logical statement of specification. Not a fallacy]*
- C. If you are taller than average, you are also heavier than average. *[An arbitrary conjecture from one fact to a totally different fact]*
- 30%D. The Pythagorean theorem is true for right triangles, so it should be true for all triangles. *[A wrong statement]*

15. Which of the following is an example for the post hoc ergo propter hoc fallacy?

- A. When an object moves, some force has been applied to it.
- 34%B. When I study, I receive high grades.
- C. Cigarette smoking may cause lung cancer.
- D. Difference in personal finance mentality is an important factor in many failing marriages.
- 59%E. **None of the above.** *[The post hoc ergo propter hoc fallacy states that correlation does not necessarily imply causation. All statements above refer to accurate cases of clear causation]*

16✓ Which of the following is a scarce resource?

- A. Carbon dioxide.
- B. Human stupidity.
- 12%C. Sea water.
- D. The English language.
- 82%E. **None of the above.**

Q	0	1	2	3	4	5	6	7	8
TC	0	\$1M	\$1.8M	\$2.5M	\$3M	\$3.4M	\$3.7M	\$4M	\$4.2M

**Table 1.1:** The daily production (Q) of Ferrari cars and total cost of production (TC).

17✓ According to table 1.1., how much is the marginal cost of the 7th Ferrari?

- A. Around \$0.
- 95%B. **Around \$0.3M.**
- C. Around \$0.6M.
- D. Around \$1M.
- E. Around \$4M.

*[The marginal cost of the 7th car is the cost of making 7 cars minus the cost of making 6 cars. That is,  $\$4M - \$3.7M = \$0.3M$ ]*

18. ✓ According to table 1.1., how much is the average cost of 6 Ferrari cars?

- A. Around \$0.
- B. Around \$0.3M.
- 85% C. Around \$0.6M.
- D. Around \$1M.
- 12% E. Around \$3.7M.

[It is  $\$3.7M/6 \approx \$0.617M$ ]

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**Scenario 1.1:** The demand for headsets is  $p = 110 - 4q$ , where  $q$  denotes the quantity of headsets and  $p$  the price per headset. Accordingly, the supply of headsets is  $p = -10 + 2q$ .

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19. ✓ According to scenario 1.1, at which quantity of headsets do supply and demand intersect?

- 98% A. Around 20 headsets.
- B. Around 40 headsets.
- C. Around 60 headsets.
- D. Around 80 headsets.

[ $110 - 4q = -10 + 2q$  or  $6q = 120$  or  $q = 20$  headsets]

20. ✓ According to scenario 1.1, at which price do supply and demand intersect?

- A. Around \$15.
- 97% B. Around \$30.
- C. Around \$45.
- D. Around \$60.

[Since  $q = 20$  headsets, we can substitute in either the demand or the supply and we get  $p = \$30$ ]