

Homework 4

Due on 11/2/2025, 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 G13-14-15-16'. 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 could increase a firm's market power?
 - Advertisement.
 - Product differentiation.
 - Acquisition of competitors.
 - All of the above.
- Which of the following is true for a profit maximizing monopolist?
 - Price always exceeds the marginal revenue.
 - Price always exceeds the marginal cost.
 - Both A and B.
 - None of the above.

Q_D	0	1	2	3	4	5	6
P	45	40	35	30	25	21	18

Table 4.1: The demand schedule for a monopolist

- According to table 4.1, what is the profit maximizing quantity for the monopolist if $AVC = 20$?
 - Zero.
 - 1 unit.
 - 2 units.
 - 3 units.
 - 4 units.
 - 5 units.
- According to table 4.1, how much will the monopolist's profit be, if $AVC = 20$ and $FC = 10$?
 - Zero.
 - Around \$10.
 - Around \$20.
 - Around \$30.
 - Around \$40.
 - Around \$50.
- "At the inelastic range of a downward sloping demand, MR is negative".
 - Always true.
 - Always false.
 - Sometimes true, sometimes false.

6. "A profit maximizing monopolist will always choose to supply quantity at the elastic range of the market demand".
- A. Always true.
 - B. Always false.
 - C. Sometimes true, sometimes false.

Quantity	1	2	3	4	5	6
Total Revenue	120	200	270	330	380	420
Variable Cost	50	70	100	140	190	250

Table 4.2: Quantity, total revenue and variable cost of a monopolist

7. According to table 4.2, how many units will the monopolist produce?
- A. 1 unit.
 - B. 2 units.
 - C. 3 units.
 - D. 4 units.
 - E. 5 units.
 - F. 6 units.
8. According to table 4.2, how much will the monopolist charge?
- A. Around \$50.
 - B. Around \$75.
 - C. Around \$100.
 - D. Around \$125.
 - E. Around \$150.
9. Which of the following is most likely to be the reason why governments impose sales-taxes on alcoholic drinks with highly inelastic demand?
- A. The tax would increase the producer's profits.
 - B. The tax would increase the consumer's surplus.
 - C. The tax decreases DWL.
 - D. The tax discourages consumption.
10. In most countries, there is absence of a human's organs market. Which of the following problems would an organized organ market fail to meet?
- A. The astronomical prices of human organs.
 - B. The low supply of human organs.
 - C. Only people with the ability to pay the market price will benefit from the market.
 - D. The huge DWL.

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