

Homework 1 – KEY

Due on 20/1/2026, by 23:00

Average: 83.79 + Opts GI bonus

Percentages indicate % of students who picked that answer

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✓ 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 must inform the instructor if they cannot submit an assignment.
- 99%C. Homework is optional. Students' final exam score will automatically replace the score of every missed assignment.**

2✓ According to the course FAQ, why is it beneficial to submit homework?

- A. Homework nudges you to study the material while it is still fresh.
- B. Homework plays a key role in your preparation for the course.
- C. Students who submit homework perform much better in the course in comparison to those who skip the homework.
- 96%D. All of the above.**

3✓ According to the course FAQ, can you use a laptop during the lecture?

- A. Laptops are not allowed during the lecture.
- 100%B. You may use but it will be cumbersome in notetaking because of complex notation and graphs.**
- C. You must use a laptop because it is the optimal tool to keep notes.

4✓ According to the course FAQ, are students allowed to ask questions during class?

- A. No, interrupting the professor is rude.
- B. No, questions make those who ask look clueless in front of their fellow students.
- C. Yes, but only after the end of the lecture.
- 100%D. Yes, whenever there is something that you do not understand, raise your hand and ask.**

5✓ According to the course FAQ, which of the following you may NOT like in this course?

- A. Some of the class examples will be about your personal life. *[Nope!]*
- B. The lecture is politically incorrect. *[Neither!]*
- 100%C. The course often requires out-of-the-box thinking.**
- D. The course is difficult, and many students become disappointed and drop out.

6✓ 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.
- B. Questions in Economics are easy to understand but difficult to solve.
- 69%C. Questions in Economics are difficult to understand but easy to solve.**
- 23%D. Questions in Economics are difficult to understand and 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?

85% A. If a student scores 60, his insurance-adjusted score will be 69.

- 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.

8. According to the instructions of this homework assignment, what will happen if you submit your answers on eLearn and then you reopen your attempt to double-check one of your answers without resubmitting a new attempt?

- 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.

93% C. You will receive 0 because your latest attempt is empty and this cannot be changed.

9. According to the course FAQ, where can I find the slides for the video tutorials and the video lectures?

34% A. They are posted on the website.

66% B. They are available for download down at the YouTube description of each video.

- C. They are posted on Telegram.
- D. They are the same with those for the F2F lecture.

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. She did not read the task carefully.
- B. She did not read the answer carefully.
- C. The task is not well written.
- D. The answer key is not well written.

97% E. She has failed to grasp, or she has completely missed the course material that this task examines.

11. Which of the following best summarizes the economic problem?

- A. The economy's unlimited resources must be distributed equitably.

97% B. The unlimited human desires exceed what humans can obtain.

- C. The unlimited human desires exceed human necessities.
- D. The limited human desires must be fulfilled.

[Economics deals with the issue of scarce resources and people's unlimited wants. A, C and D are economic problems, but not the fundamental one]

12. Which of the following is/are the best example/s of the fallacy of composition?

- A. If all your clothes are black, you are a ninja. *[A false generalization]*

- B. When all students in a class are smart, grades will tend to be higher. *[A true fact]*

56% C. Mixing good beer with good wine, yields a good drink. *[What is true for the units, is not true for the whole]*

33% D. All of the above.

13. In the example we presented in class with Sophia's bracelet business, which of the following should she use in order to make the right decision between staying in her current job or starting her own bracelet business? Assume that the sole criterion in her decision is the income generated from each activity.

72% A. The economic profit of the bracelet business.
12% B. The accounting profit of the bracelet business.
13% C. The total opportunity cost from doing both.
D. The comparison of explicit costs from each activity.

[The economic profit of starting the bracelet business takes into account the income generated from both options; if it is positive, Sophia will be better off starting the bracelet business]

14. Which of the following is the best example for the post hoc propter ergo hoc fallacy?

9% A. Sally yesterday had a fever, which caused her today to have a sore throat. *[Fever and sore throat are symptoms of some virus or infection – this could be a case of the PHPEH fallacy]*
B. John feels bloated after he eats beans. *[We indeed have causation between the two – there is no fallacy]*
86% C. Mary did bad in her test, because in the morning she saw a black cat. *[Here only an irrational person would assume a causation relationship]*
D. Peter wears a suit every time he goes to work. *[Peter wears a suit because he goes to work. Again we have proper causation between the two – there is no fallacy]*

15. Which of the following implies an opportunity cost?

A. I like hip-hop but I do not like rock music. *[No actual choice is stated here. Only preference]*
B. I will order the chicken because I am allergic to seafood. *[We cannot say that the seafood is the OC of chicken because I do not give up the seafood for chicken]*
C. I did not submit homework because I was sick. *[No actual choice is stated here]*
D. Bruce is dating both Stacy and Alex at the same time. *[Looks like Bruce has no OC in his dating life!]*
87% E. None of the above.

16. Martin has to choose between going to the movies or to a concert on Friday night. The movie admission is \$20 and the concert ticket is \$100. What is Martin's opportunity cost of going to the movies?

A. \$20.
B. \$80.
C. \$100.

96% D. The pleasure Martin forgoes from not going to the concert.

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

17. Why do we use the ceteris-paribus principle in Economics?

32% A. To understand the isolated impact of one variable on a system. *[You should change one variable at a time while keeping everything else equal, in order to isolate its effect on another variable]*
B. To understand the true cause of economic effects. *[Ceteris paribus is only a method of testing if two variables are correlated, it does not test causation]*
65% C. Both A and B.
D. None of the above.

18✓ Which of the following is necessary for making good use of the concept of representative agent?

- A. All actors must be identical. [They do not have to]
- B. Actors can be split into two groups with similar properties. [Totally made up!]
- 91%C. When the majority of actors is not too different than the average actor.** [If the average agent is not representative in our population, the concept will not be a good simplification of reality]
- D. When the actions of actors cannot be quantified in a meaningful way. [Totally made up, too!]

Scenario 1.1: The demand for monitors is $p = 400 - 5q$, where q denotes the quantity of monitors and p is the price. Accordingly, the supply of monitors is $p = 100 + 5q$.

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

- A. Around 10 monitors.
- B. Around 20 monitors.
- 99%C. Around 30 monitors.**
- D. Around 40 monitors.

[$400 - 5q = 100 + 5q$ or $10q = 300$ or $q = 30$ monitors]

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

- A. Around \$150.
- 99% B. Around \$250.**
- C. Around \$350.
- D. Around \$450.

[Since $q = 30$ monitors, we make the substitution in the demand function (or the supply function) and we get $p = 400 - 5 \cdot 30$ or $p = \$250$]