Homework 4

Due on 10/2/2026, 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 G10-11-12-13-14-15'. 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. Which of the following is true for a profit maximizing monopolist who faces a downward sloping market demand?

    A. Price is less than the marginal revenue.
    B. Price is equal to the marginal revenue.
    C. Price is equal to the marginal cost.
    D. Price exceeds marginal cost.

2. The market demand curve for a good is linear with a vertical intercept at $20. Find the consumer surplus when the price is $10 and quantity demanded is 1,000 units.

    A. Around 500.
    B. Around 1,000.
    C. Around 5,000.
    D. Around 10,000.

3. Which of the following best describes the producer surplus in a Perfectly Competitive market?

    A. The area between the market demand and the equilibrium price.
    B. The area between the market supply and the equilibrium price.
    C. The area below the market supply.
    D. The area above the market price.

4. Suppose that the production of a new iPhone has AVC constant at $200. How much will the profit maximizing price be if the elasticity of demand for the iPhone is -1.2?

    A. Around $600.
    B. Around $800.
    C. Around $1,000.
    D. Around $1,200.
    E. Around $1,400.

5. Which of the following is an example of rent-seeking?

    A. The market power Changi airport has in SE Asia.
    B. The fee Singapore paid to Taylor Swift to hold all her 2024 SE Asia concerts in Singapore.
    C. The high price of a specialized drug against cancer.
    D. All of the above.

6. Which of the following is most likely to be the reason why governments avoid imposing sales-taxes on pharmaceutical products with inelastic demand?

    A. The tax would decrease the monopolist's profits.

    B. The tax would increase the monopolist's profits.

    C. The tax would create a DWL.

    D. The tax would not yield revenue for the state.

Q_D	0	1	2	3	4	5	6
P	50	45	40	35	30	26	23

Table 4.1: The demand schedule for a monopolist

7. According to table 4.1, what is the profit maximizing quantity for the monopolist if $MC = 10$?

    A. Zero.

    B. 1 unit.

    C. 2 units.

    D. 3 units.

    E. 4 units.

    F. 5 units.

    G. 6 units.

8. According to table 4.1, how much will the monopolist's profit be if $MC = 10$ and $FC = 40$?

    A. Zero.

    B. Around 10.

    C. Around 20.

    D. Around 30.

    E. Around 40.

    F. Around 50.

9. Which of the following problems would a human organ market most likely resolve?

    A. The huge DWL.

    B. The low supply of human organs.

    C. Both A and B.

    D. None of the above.

10. Which of the following could increase the market power for a brand?

    A. Product differentiation.

    B. Advertisement.

    C. Positive reviews.

    D. All of the above.

    E. 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