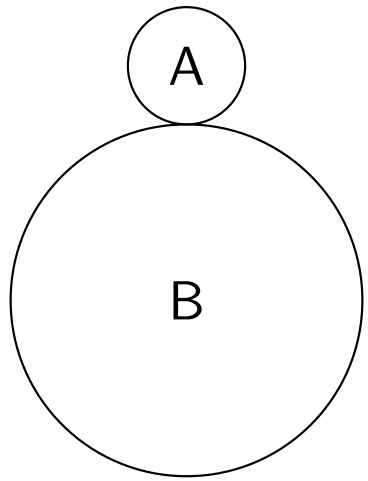
Introduction to Financial Models
Lecture 02: Surprises & Paradoxes II

1 Coin Rotation Paradox

2 Braess Paradox

Coin Rotation Paradox

The 1982 SAT Question Everyone Got Wrong



The radius of circle A is $\frac{1}{3}$ of the radius of circle B. Circle A rolls around circle B one trip back to its starting point. How many times will circle A revolve in total?

(a) $\frac{3}{2}$ (b) 3 (c) 6 (d) $\frac{9}{2}$ (e) 9

Braess Paradox