

<b>Status</b>	Finished
<b>Started</b>	Monday, 7 October 2024, 10:16 AM
<b>Completed</b>	Monday, 7 October 2024, 10:33 AM
<b>Duration</b>	16 mins 58 secs
<b>Grade</b>	9.50 out of 10.00 (95%)

Question **1**

Complete

Mark 1.50 out of 2.00

In the article from the Economist on estimating consumer surpluses, one of the techniques used was:

Yet another technique is to assign a value to the leisure time spent on the web. Erik Brynjolfsson and Joo Hee Oh of the Massachusetts Institute of Technology note that between 2002 and 2011, the amount of leisure time Americans spent on the internet rose from 3 to 5.8 hours per week. The authors conclude that in so far as consumers must have valued their time on the internet more than the alternatives, this increase must reflect a growing consumer surplus from the internet, which they value at \$564 billion in 2011, or \$2,600 per user.

2 questions

1) This technique relates to which other economic concept that you learnt about in the first 3 weeks of this module?

(perfect answer: two words + you can copy a max 15 word quote from the text to support your reasoning 1pt)

2) How might you critique this method of measuring consumer surplus? ( one sentence answer 1pt)

1) This technique relates to the concept of opportunity cost.

2) This method assumes that all consumers value their time on the internet equally, ignoring individual preferences and variations in the value of leisure time, which can lead to subjective estimations of consumers.

1) Opportunity cost: "consumers must have valued their time on the internet more than the alternatives" - Opportunity cost is the basis of this methodology, looking at "leisure time" and assuming that time on the Internet is worth more to them than the alternatives. The answer cannot be "consumer surplus" because the study and question was about "consumer surplus" (and mentioned in the question text). 0 Points.

2) The critique that is mentioned in the article and I mentioned in class is that the leisure value of the Internet is not always positive. Two specific examples were given in the article.

I accepted some other arguments. Such as anyone who clearly stated that the study possibly assumed the value of leisure time was not the same for everyone (however, they might have taken account of this in their survey design)

Some people also mentioned that work requires us to be on the Internet more. However, the study was of **leisure time** & the Internet. Therefore while this is almost certainly true, it is not a valid critique of this study.

It is not a sufficient critique to say "you **can't** put a price on the CS or leisure time". The studies mentioned in the article are attempting to move towards a valuation of the CS. Moreover the value of leisure time is used in some transport cost benefit analysis.

Comment:

1) 0.5 (quote from the text to show why you understand it?)

2) 1

## Question 2

Correct

Mark 1.00 out of 1.00

Below you see the market for milk in a country such as the UK.

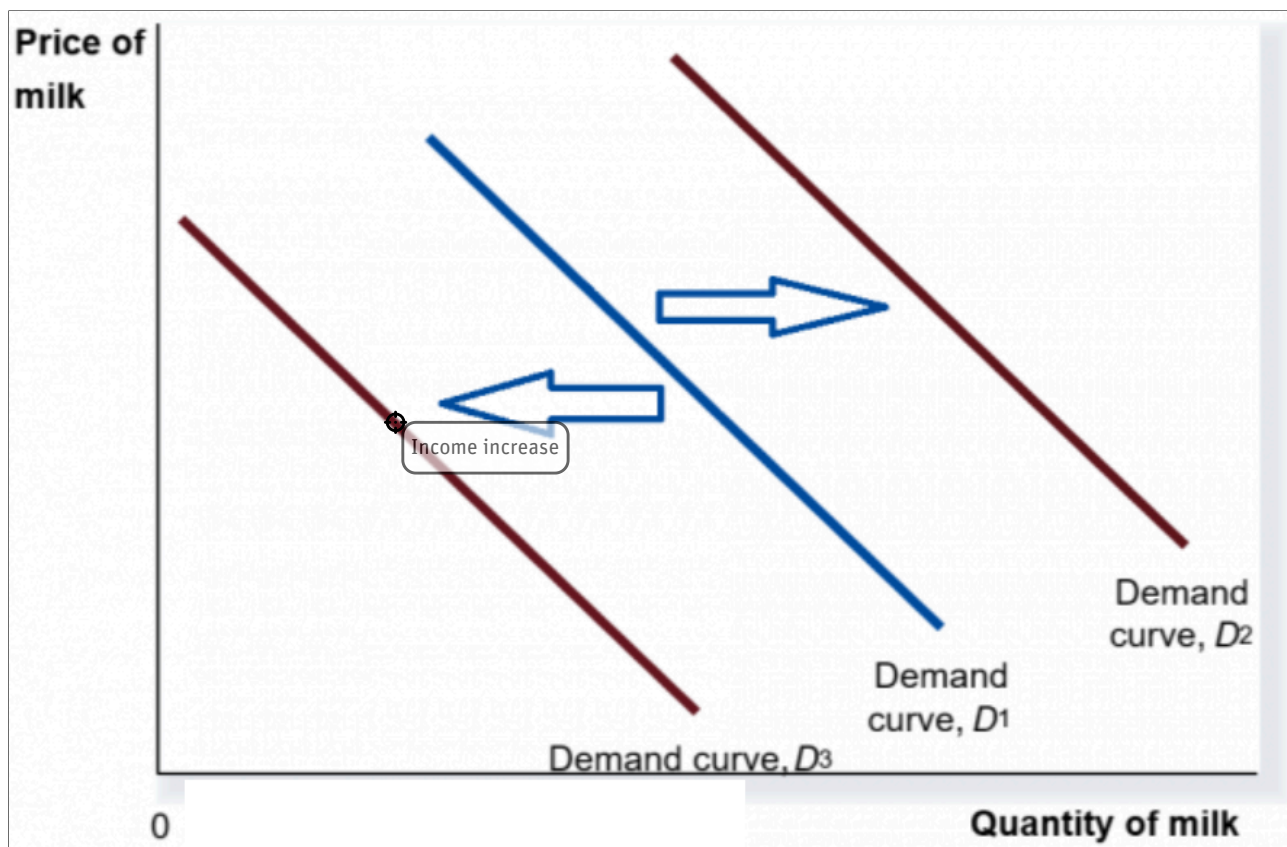
D1 is the original position.

**assume: MILK IS AN INFERIOR GOOD**

*Imagine incomes increase.*

Which direction is the demand curve for milk going to shift?

Drag and drop the label to D2 or D3



Die Antwort ist richtig.

## Question 3

Correct

Mark 1.00 out of 1.00

You have the opportunity to go to the opera.

Tickets cost CHF 70

Normally you would be willing to pay CHF 90 for that ticket.

Alternatively you could work in a call centre for the evening and earn CHF 50

What's the opportunity cost of going to the opera?



What's the economic cost of going to the opera?



## Question 4

Correct

Mark 1.00 out of 1.00

If a good has a price elasticity of demand of 0.5.

What can we say about it? (ceteris paribus)

Select one:

- ☐ For a fall in price of 5%, 10% less will be demanded.
- ☐ For a 5 franc fall in price 10 more will be demanded
- ☒ For a 5% increase in price 2.5% less will be demanded. ✓
- ☐ For a 10 franc rise in price 2 less will be demanded

Die Antwort ist richtig.

The correct answer is: For a 5% increase in price 2.5% less will be demanded.

## Question 5

Correct

Mark 1.00 out of 1.00

A farmer reduces the area of land for wheat production from 50 to 40 hectares.  
She uses this land to farm potatoes and increase her potato farming from 80 to 90 hectares.

What is the opportunity cost of this change?

- ☐ a. The output of 80 hectares of potatoes.
- ☒ b. The output of 10 hectares of wheat ✓
- ☐ c. The output of 50 hectares of wheat.
- ☐ d. The output of 10 hectares of potatoes

Die Antwort ist richtig.

The correct answer is: The output of 10 hectares of wheat

## Question 6

Correct

Mark 1.00 out of 1.00

Stadttheatre Bern offers a 50% discount to students, apprentices under 30 on all advanced tickets.

This is an example of....

- ☐ a. inelastic demand
- ☒ b. price discrimination ✓
- ☐ c. opportunity cost
- ☐ d. consumer surplus

Die Antwort ist richtig.

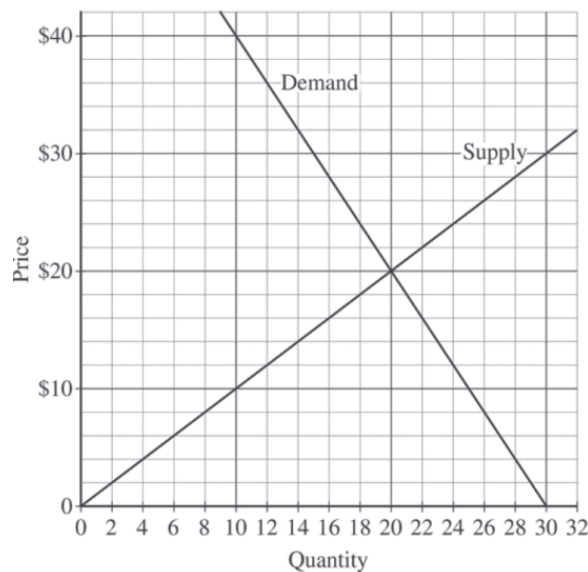
The correct answer is: price discrimination

## Question 7

Correct

Mark 1.00 out of 1.00

A government imposes a binding price ceiling on commercial rental properties of \$12 per square foot. Ceteris paribus, what will be the result of this in the medium/long run?



- ☐ a. There will be no impact the ceiling is too low.
- ☐ b. Many landlords will choose to convert their domestic rental properties into commercial rental spaces
- ☒ c. More landlords will convert their properties into apartments. ✓
- ☐ d. Landlords will invest in their commercial properties to rent them out quicker and capture more of the market.

Die Antwort ist richtig.

The correct answer is: More landlords will convert their properties into apartments.

## Question 8

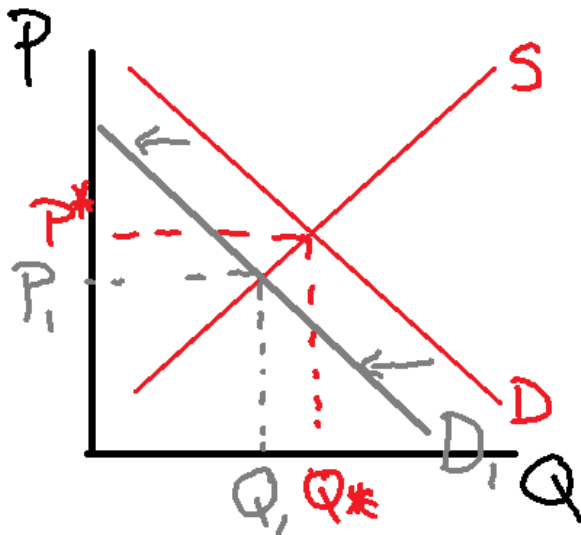
Correct

Mark 1.00 out of 1.00

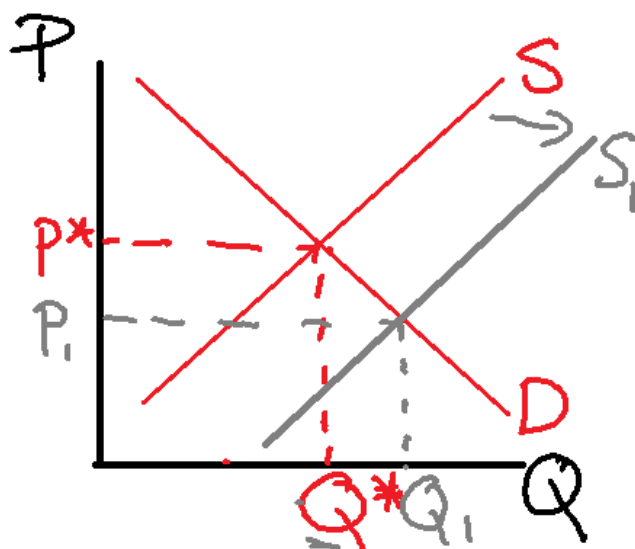
There is a break through in battery technology that allows car manufacturers to use salt water batteries that are cheaper and lighter than lithium batteries.

Which of the demand and supply diagrams reflects the initial change in the market.

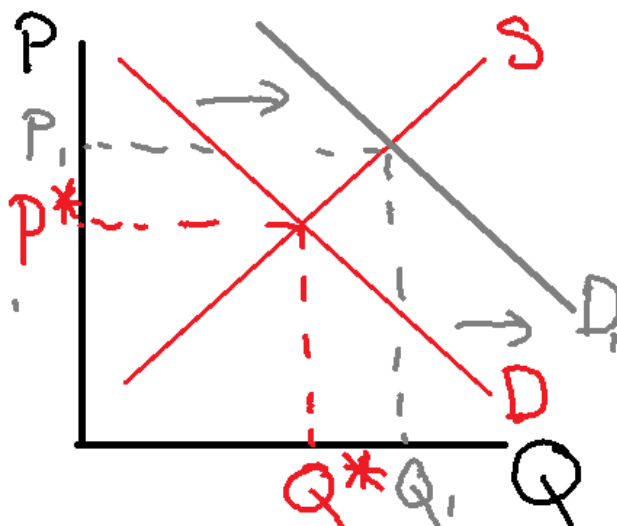
☐ a.



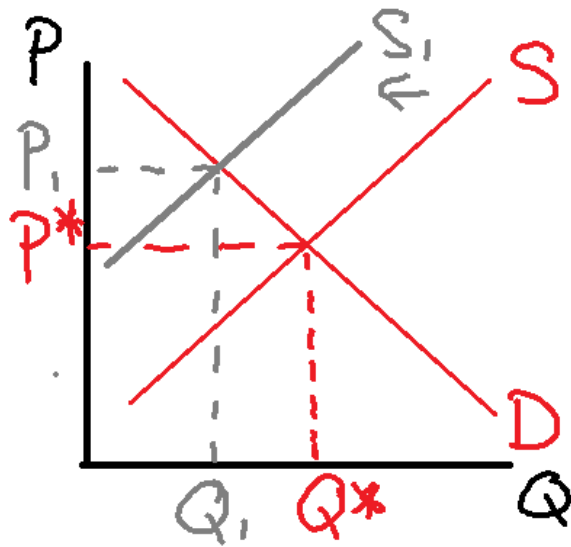
☒ b.



☐ c.

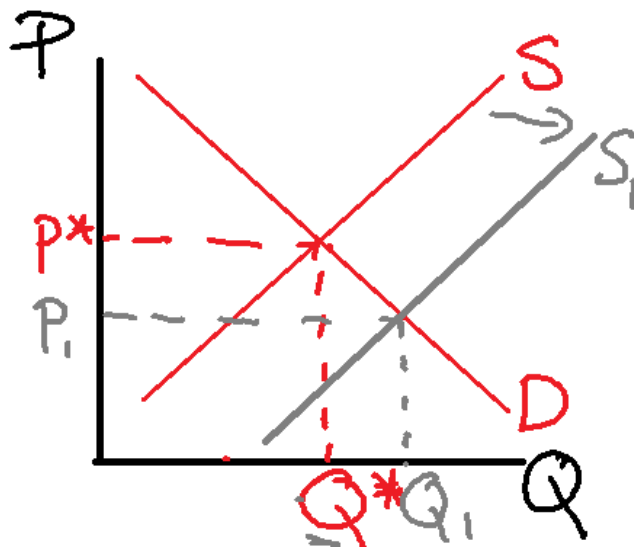


☐ d.



Die Antwort ist richtig.

The correct answer is:



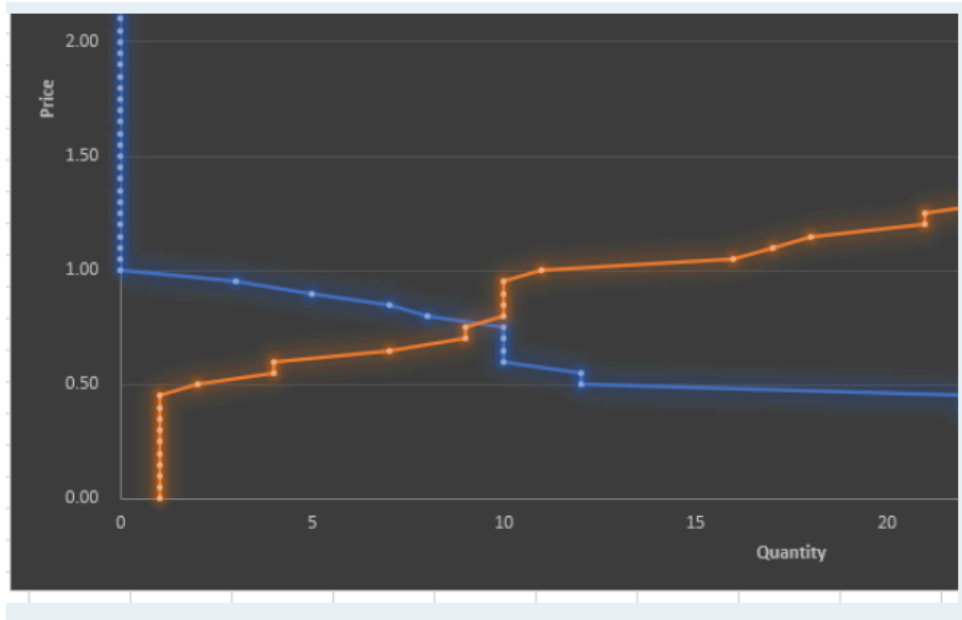
## Question 9

Correct

Mark 1.00 out of 1.00

Below is the demand and supply curve for the market for apples.

If we put a minimum price on apples of CHF1 in the immediate short run it will result in a .....?... of apples on the market.



- ☒ a. surplus ✓
- ☐ b. economic welfare
- ☐ c. subsidy
- ☐ d. shortage

Die Antwort ist richtig.

The correct answer is:  
surplus