FALL 2023

Econ 0100 | MiniExam D

This MiniExam will take 15 minutes with quick break to follow. MiniExams are designed to both test your knowledge and challenge you to apply familiar concepts in new environments. Treat it as if you're trying to show me that you understand the material.

Academic Conduct Code

The following academic conduct code is designed to protect the integrity of your work. Print your initials beside the four academic honesty agreements before beginning.

I pledge to my fellow students, the university and the instructor...

... I _____ will complete this MiniExam solely using my own work

... I _____ will not use any internet connected devices or other online resources

... I _____ may use hardcopy resources (the textbook, printed materials, hardcopy notes)

... I _____ will not communicate with others during the MiniExam

Name: TAYLOR Student ID: ☺ *Version 1*

Question 1 (of 2) | Ginny's Holiday Decorations

Every year the Hogwarts Decorations Committee solicits donations of 2 galleon (*units of currency*) from the student body in an interest to raise funds to decorate the common areas of the school during the winter holidays. The more funds that are raised, the better the decorations. The common areas are open to all students so everyone is free to enjoy the decorations no matter whether they've donated. Each year Ginny has to decide whether to contribute to the fund. The following matrix represents the payoffs associated with the decorations for Ginny and Everyone Else. Show your work for partial credit.

		Everyone Else: C	Everyone Else: D
Ginny	Contribute (C)	18.2, 1820	−1.8, 20
	Don't (D)	20, 1800	0, 0

Q1.a | Dominant Strategy

Does Ginny have a dominant strategy? Circle one. No, C, D

Q1.b | Socially Efficient Strategies

What is the pair of strategies that are socially efficient? Circle one. (C,C) (C,D) (D,C) (D,D)

Q1.c | The Phenomenon

What is the name of this phenomenon? Free Rider Problem

Question 2 (of 2) | Hogwarts Holiday Decorations

Knowing the issues around soliciting the holiday decorations every year, the Committee proposed raising every student's tuition by 2 galleon to ensure the decorations were fully funded. Each house had 25 on-campus students with different willingness to pay. This data is presented in the table below.

	Hufflepuff	Gryffindor	Ravenclaw	Slytherin
WTP	16	20	24	20

Remember, each house has 25 on-campus students, with each student's willingness to pay represented in the table. So Hufflepuff has a total willingness to pay of 16 × 25 galleons.

Q2.a | Evaluating a Tuition Rise

If the proposal to raise everyone's tuition by 2 galleon to cover the cost of the decorations were voted on by the student body, what percentage of the student body would vote "YES" for the proposal? 100%

Q2.b | Marginal Social Benefit

$16 \times 25 + 20 \times 25 + 24 \times 25 + 20 \times 25 = 20 \times 100 = 2000$

What is the marginal social benefit associated with fully funding the decorations? 2000 $= 2 \cdot 25 \cdot 4$ (cost per student · students per house · houses)

Q2.c | Social Efficiency

What is the marginal social cost associated with fully funding the decorations? 200