

Principles of Microeconomics  
In-class exercise #1  
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Name: \_\_\_\_\_ Student ID: \_\_\_\_\_  
(Please print)

Please choose the best answer to each multiple choice question by filling the oval in the following table.

	A	B	C	D	E
1.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Question 1: You won a free ticket to see a concert by Eason Chan, a local pop singer. You cannot resell it (say, your photo ID will be checked at entrance). Yo-Yo Ma, the world's finest cellist, is performing on the same night and is your next-best alternative activity. Tickets to see Yo-Yo Ma cost \$800. On any given day, you would be willing to pay up to \$1000 to see Yo-Yo Ma. Assume there are no other costs of seeing either performer. Based on this information, what is the opportunity cost of seeing Eason Chan?

- (A) \$0.
- (B) \$200.
- (C) \$800.
- (D) \$1000.

Note: A cellist is a person who plays cello. Cello is a type of 4-stranged musical instrument, like the violin and viola but larger and producing a deeper sound, that is held between the knees and played with a bow.

Question 2:

Part 1. You are about to buy a \$20 alarm clock at the campus store when a friend tells you that Fortress has the same alarm clock on sale for \$10. Do you travel to Fortress?

Part 2. You are about to buy a \$6510 laptop computer at the campus store when a friend tells you that Fortress has the same computer on sale for \$6500. Do you travel to Fortress?

- (A) Yes for part 1; No for part 2.
- (B) No for part 1; Yes for part 2.
- (C) Yes for part 1; Yes for part 2.
- (D) No for part 1; No for part 2.