

Handout 1

1 Introduction

- Hao-Che (Howard) Hsu
- Sections:
 1. A6 Wed. 2-3 pm (SST 220A)
 2. A7 Wed. 3-4 pm (SST 220A)
- Office Hour: Mon. 11-12 am (SST 228)
- Economics Learning Center: Wed. 1-2 pm (SST 165)
- My Website: <http://www.haochehsu.com> (Handout can be found at the *Teaching* section)
Alternative: The website can also be found at the first result if you Google my name.
- Email: haoche.hsu@uci.edu
- Course Website: <https://canvas.eee.uci.edu/courses/14409>
- Exam Dates:
 - Midterm: Wed. February 13th (Discussion Section)
 - Final: March 16th to 18th

2 Exercises

1. Wells recently started his life in Irvine as an Economics graduate student. Before he came here, he had (mutually exclusive) job offers from two different companies with salaries of \$80,000 and \$95,000 per year, respectively. Wells is not paid for being a graduate student and his living expenses for a year are \$15,000 regardless of where he lives. What is Wells' opportunity cost of being a graduate student for a year?
 - (a) \$95,000
 - (b) \$80,000
 - (c) \$175,000
 - (d) \$15,000
2. You won a free ticket to see the *O by Cirque Du Soleil* in Bellagio, Las Vegas. The ticket has a market value of \$130 if you decide to sell it. You value seeing the show at \$300. The cost of gas on your car to drive to Las Vegas from Irvine is \$50. Furthermore, you're employed at the restaurant *Din Tai Fung* and you were scheduled to work 6 hours at \$10/hour the night of the show (you can't work that night if you go to Vegas). You're required to find someone to take your place if you can't make it to work. The only person you can find who will take your place at work demands you pay him \$40. What is the opportunity cost of going to the O show for that night?
 - (a) \$270
 - (b) \$230
 - (c) \$280
 - (d) \$100