(20 points, 4 for each) TRUE/FALSE. No points will be given for correct answers without explanation. State clearly if you are making any additional assumptions.

Round I

1. A consumer in a two-good economy is observed choosing the consumption bundle $(0,1)$ and, on another occasion, the consumption bundle $(1,0)$. If the goods' prices and the consumer's income were exactly the same in both cases, then this consumer is not a utility maximizer.

2. Robotization of the economy would increase wealth inequality by concentrating more and more wealth among few capital owners.

3. All else equal, the demand for a good is less elastic when there are fewer demanders of the good.

4. Airbnb (an internet platform allowing persons to rent their homes short-term) unambiguously makes consumers better off and only hurts the hotel industry.

5. A test of whether parents love their children is whether parents take out insurance on their children's lives (assume the parents can afford it).

Round II

1. The First Welfare Theorem implies that wealth inequality does not matter for Pareto efficiency.

2. It is not possible to write an economic model in which a utility-maximizing person with higher income achieves lower utility than another person, with the exact same preferences but lower income.

3. If labor productivity increases over time, wages and average hours of work would increase too.

4. Extra charges for front rows seats on airplanes are efficient if different passengers have different values of time.

5. If an agent prefers lottery A to lottery B and lottery A to lottery C, but prefers a compound lottery that assigns probability α to B and probability $1 - \alpha$ to C to the original lottery A, then one can design a series of deals leading the agent to a sure loss of money.

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