12-General-Eqm-Part-1

1 Does the First Welfare Theorem mean that the free market equilibrium will be both fair and equitable?

- ✅ Neither
- B Fair but not equitable
- C Equitable but not fair
- D Both

2 How should the rollout of mobile phones affect fish prices at the beach market?

- A Fish prices at beach markets will *go up*
- B Fish prices at beach markets will *go down*
- C Fish prices will go *round-and-round*
- ✅ Fish prices at beach markets will *converge*

3 After the full mobile rollout, should we expect the price of fish to be the same at every beach (on any given day)?

- A Yes – Law of one price
- ✅ Yes – Up to a certain point (specify that point)
- C Nope – No expectation whatsoever

4 Why do we know that surplus must *weakly* rise in the integrated market – and *strongly* rise if $P_1 \neq P_2$?

- A Integration allows markets to clear
- B Prices will fall
- ✅ There will be gains from trade
- D Fish want to be free

5 Is the integration of these two markets Pareto-improving

- A Yes, for sure
- B Definitely not
- ✅ Indeterminant
- D You'd have to ask Pareto

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