List of tasks for students:

1. Explain how are substitution and income effects of price changes for normal and inferior goods different.
2. How can you calculate the price (pension, cross) elasticity of demand?
3. What is the relationship between income consumer curve (ICC) and Engel curve?
4. Will for the following pairs of goods cross elasticity of demand positive or negative?
   a) computer and diskette,
   b) oranges and apples,
   c) coffee and lemon.
5. Demand for farm X is given by the equation: X = 25 + 0.5 I - 0,2Px + 1,5Py. We know that X = 25, I = 15, Px=75, Py = 5.
   a) Calculate the price, income and cross-elasticity of demand.
   b) The farm X is normal or Inferior good?
   c) Are the goods X and Y substitutes or complements?
6. What does it mean when we say that the consumer has the risk aversion, risk seeking or risk neutral relationship? How would these different approaches to risk be explained using the willingness to accept a fair bet?
7. Why do some people refuse to risk more, while others prefer more?
8. How the diversification reduces risk?