

# 經濟學

## 3 Course Announcements:

I) **Homework #1**

II) **Midterm Review**

III) **Midterm Exam**

## I) **Homework #1**

**Due by 11/12 (一), 交給助教**

Homework #1

Due before midterm exam – 11/12 (一) – 交給助教

Students can work in groups of up to 15 students

Each group should turn in ONE copy of the homework which includes the students' full names and ID numbers.

Homework must be typed but graphs may be hand drawn, but must be clearly drawn.

When using computers to type homework, you may write in Chinese or English.

In the newest version of the English textbook, at the end of each chapter find the section titled: “**Problems and Applications**” (10 problems / 10 pts each)

Chapter 1: 7

Chapter 2: 1, 6

Chapter 3: 3, 6, 9

Chapter 4: 6, 11

Chapter 5: 2

Chapter 6: 10

## II) Midterm Review

*You may bring ONE sheet of A4 notes and a book dictionary.*

NO TEXTBOOK / NO CALCULATORS / NO CELL PHONES – COMPUTERS

The midterm exam will be in English, but you may answer in Chinese or English – but you must write clearly. All graphs should have axes labelled clearly.

Midterm Exam covers Chapters 1 – 6.

There are three types of questions:

- Definitions
- Multiple Choice
- Short Answer
  
- Definitions come from each chapter’s “key concepts” which are listed both at the end of each chapter, and their definitions are given on the side of the text.
  
- Multiple choice questions require you to identify the correct answer among several possible answers.
  
- Short answer questions will require you to analyze issues and/or calculate answers.

### **SUGGESTED TOPICS TO PREPARE FOR**

Chapter 1) Ten Principles of Economics

- Know all 10 Principles of Economics
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Chapter 2) Thinking Like an Economist

- 2 roles of economists i) scientists, ii) policy advisors
- Positive vs. normative statements
- Role of assumptions

- Circular-Flow diagram
- Production Possibility Frontier (inefficient, efficient and infeasible points)

### Chapter 3) Interdependence and the Gains from Trade

- Production Possibility Frontier
- Opportunity costs – it's definition and application
- Comparative advantage vs. absolute advantage
- Comparative advantage, exports and imports
- Given 2 countries' PPF, be able to determine which country has a comparative advantage in which good.
- Should be able to calculate opportunity costs given data and determine which person/country has a comparative advantage in which good.
- Gains from trade – definition
- Should be able to provide examples of two countries' PPFs with an initial no-trade choice along the PPF for each country. Then one should be able to give a production, consumption and trade, which will make each country better off than their initial no-trade choice.
- What is the characteristic of the slope of any trade that will give rise to gains from trade to both countries, with respect to the opportunity costs of both countries?

### Chapter 4) The Market Forces of Supply and Demand

- Know the difference between individual supply and market supply and be able to make calculations with individual and/or market supply tables and curves.
- Know the difference between individual demand and market demand and be able to make calculations with individual and/or market demand tables and curves.
- Equilibrium price and quantity.
- Know the difference between a movement along the supply / increase in quantity supplied (demand) curve and a shift in supply / increase in supply (demand).
- Must know the 3 steps to find a new equilibrium if the supply curve, demand curve or both shift. Should identify which variable increases or decreases and which variable's change is undetermined.

## Chapter 5) Elasticity and its Applications

- Given data, one should be able to use the midpoint method to calculate the price elasticity of demand (supply) – also one should know and understand the equation for elasticity of demand (supply) for income and cross prices.
- Given data, including elasticity data, one should be able to calculate predictions for future demand (supply) due to changes in price.
- Understand income elasticity and cross price elasticity of demand (supply).

## Chapter 6) Supply, Demand and Government Policies

- Binding price ceiling and price floors (and their relationship to surpluses and shortages).
- Given data, be able to calculate a market's surplus and/or shortage.
- Given data, be able to compare before and after tax equilibrium.

## **III) Midterm Exam**

**11/13 (二), 8:20 – 9:50<sup>am</sup>**

- **管科 B515**
- **風保 B514**