

MICROECONOMICS (ECO101)

ASSIGNMENT

Submit ***handwritten*** answers to the following questions. Each question should have comprehensive, but brief half-page (no more than one page!) answer. Use appropriate illustrations (diagrams, charts, formulas, tables) where necessary. You are welcome to use any available source: text-book, handouts, additional reading, web sites.

**Focus of Economics: Basic Economic Problem**

1. economics, microeconomics, macroeconomics; resources, production, distribution
2. free goods vs. economic goods - scarcity, efficiency
3. inputs, outputs: production-possibility frontier (PPF); productive efficiency & inefficiency
4. opportunity cost

**Economic Systems, Market Economy**

5. three basic economic questions
6. economic systems and their types
7. price, gains from trade, autarky, specialization
8. market, market mechanism, markets for G&S and markets for factors of production
9. role of government: efficiency, equity, stability

**Demand and Supply**

10. market: definition, participants
11. demand curve (schedule), law of demand, determinants of demand, change in demand
12. supply curve (schedule), law of supply, determinants of supply, change in supply

**Market Equilibrium**

13. market equilibrium, equilibrium price & quantity
14. excess supply & demand, price floor & ceiling
15. shifts in supply & demand, double shifts

**Elasticity of Demand & Supply**

- 16.

**Demand & Consumer Behavior**

17. utility, marginal utility; law of diminishing marginal utility
18. consumer's choice: equi-marginal principle; indifference curve, budget constraint, income & substitution effects
19. types of goods: substitutes & complements, normal & inferior, merit & dis-merit
20. consumer surplus

***Please submit this assignment on the day of your Mid-Term Exam. Submissions after the exam will not be accepted. Without submission before the Mid-Term Exam you will lose 10 points towards your total grade !***