

Econ2030A: Midterm1

Calculators allowed

Time: 6:05pm-7:50 pm

Total marks 21

Syllabus: Chs. 2, 3, 4 & most of 5

Answer all 2 questions; each question will have multiple parts

1. (Chs.02 & 03)
 - Demand, Supply, Equilibrium
 - Elasticity--price elasticity, cross elasticity, income elasticity
 - Impact of a unit tax on the equilibrium price and quantity, tax revenue
 - Indifference curve, its properties, and MRS
 - Utility maximization, expenditure minimization using Lagrangian
 - Assignment, exercises similar to the ones done both in class and in tutorial

2. (Chs.04 & 05 except labour supply curve)
 - Law of demand, PCC
 - Deriving ordinary and compensated demand curves
 - Income effect and substitution effect of price changes
 - Consumer surplus, compensating variation and equivalent variation
 - Cash gift vs. kind gift
 - Exercise similar to the ones done both in class and in tutorial

N.B.: As noted in the course outline, grading will be done in a rank-preserving manner to better fit Econ department's distributional norm; so it is in your best interest to protect your answers.