

ECO 101 Notes

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1 Basis: Sep.10 2017

Grades

- Overall: 60% Term + 40% Final.
- Term Grade:
 - Oct(T1) = 23%
 - Nov(T2) = 36%
 - Warm-up = 1%

Topics

- Basic concepts.
- Supply, demand, elasticity.
- Theory of household behaviour.
- Theory of the firm.
- Perfect competition.
- Monopoly.
- Other Market structures.
- Issues/Role of government.

2 Lecture Assessment #1: First Principles.

Sep.10 2017

Topics

- Choices.
- Scarcity.
- Resources.
 - Natural. Land.
 - Human. Labour.
 - Capital. Capital.
- Outputs.
- entrepreneurship.

Areas

- Micro: Individual decision making.
 - Households / Consumers.
 - Firms / Producers.
- Macro: Economy as the aggregate.

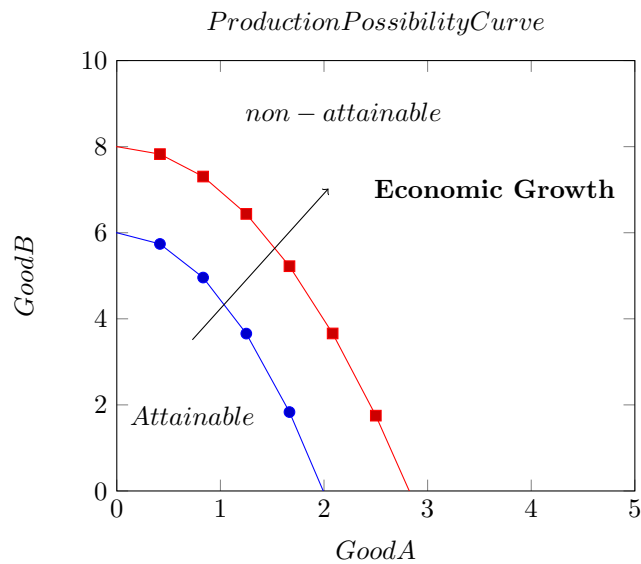
Major questions

- What.
- How.
- For whom.

3 Production possibility curve(PPC)

Assumptions

1. 2 goods.
 - Civilian.
 - Military.
2. Limited resources.
3. Technology given.



4 Gains from Trade

Assumptions

- 2 Goods.
- 2 Countries.

Models

- Absolute advantages.
- Comparative advantages.

Productions and Opportunity costs

Capacity(O.C.)	Wheat	Vodka
Canada	30(1/6 V)	5(6 W)
Russia	10(2 V)	20(1/2 W)

Example 2

Canada got absolute advantages in *both* production.

Canada got comparative advantage in wheat, and Russia got comparative advantage in Vodka.

Capacity(O.C.)	Wheat	Vodka
Canada	30(2/3 V)	20(3/2 W)
Russia	10(1 V)	10(1 W)