Name ___________________________________ Student ID______________

BE INTERNATIONAL PROGRAM, THAMMASAT UNIVERSITY
EE211 PRINCIPLES OF MICROECONOMICS
SEMESTER 1/2013

Problem Set 1

INSTRUCTION

1. PPP: Practice, Practice, and Practice.
2. Humans are typically motivated by two types of incentives: Intrinsic Motivation and Extrinsic Reward. Unfortunately, doing this exercise gives you no direct extrinsic reward. Only intrinsic motivation on learning would induce you to do it.
3. Submit it if you would like me to provide comment and advice on your solution, logic and reasoning.
4. If you have any question, please send me an e-mail at pwrasai@gmail.com

On Scarcity, Choice, Opportunity Costs, and PPC

1. What is the common scarcity that everyone has? Please give your own opinion and explain.
2. Why is the Production Possibility Curve(PPC) always bowed outward? Is it always like that?
3. Being a dropout from Harvard, do you think Bill Gate made the right decision? Please explain with the concept of opportunity costs.
4. Describe how each of the following would affect Thai production possibilities curve (PPC): (a) an increase number of immigrants from Burma entering the country, (b) a disease that takes place on the country's soil, (c) the discovery of new source of oil, (d) a decrease in unemployment rate
5. Do you agree or disagree with the parking space for the disabled? is it economically efficient ? Provide your reasons to answer.

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On Supply and DemandScarcity, Choice, Opportunity Costs, and PPC

1. What is ceteris paribus? Why do all the economists hold other factors constant while analyzing the diagram of demand and supply?
2. What is demand? Are quantity demanded and demand the same ? Please explain
3. What is wrong about this statement, 'As price of a good falls, the supply of that good falls, ceteris paribus"?
4. 'If the price of banana rises, the supply of banana will rise' Do you agree or disagree
5. If Dragon wishes to buy a collection set of Korean dramas, but cannot afford them. Would it still be correct to say Dragon demands a collection set of Korean dramas. Please explain in your own words.
6. According to the 300 baht wage policy, how does it affect the demand and supply of production?
7. Using the following schedule, define the equilibrium price and quantity. Plot the demand and supply curves and show the equilibrium price and quantity.

Price	Quantity demanded	Quantity supplied
10	500	100
20	400	120
30	350	150
40	320	200
50	300	300
60	275	410
70	260	500
80	230	650
90	200	800
100	150	975

8. What would happen to demand for EGV Cineplex if SF cinema city offers better promotions for consumers?
9. What does a sale on shirts have to do with the law of demand?
10. If TV3 sees the popularity of TV series 'Juthatep Gentlemen'and plans to sell the DVD collection set of the series including the photo books of the four gentleman. The Fans are very excited about this DVD collection and the reservation list for the DVD collection tends to get longer and longer. What would happen to the demand and supply of the series' fans and DVD collection? Explain graphically.
11. Explain what would affect to supply of smartphone: (a) a rise in wage rates (b) an increase in number of sellers of smartphone (c) a tax placed on the production of smartphones (d) a subsidy placed on the production of smartphones

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12. Which one do you prefer, positive economics or normative economics? Please explain and provide your examples.
13. What is the equilibrium condition in the market? Do you agree or disagree if the “invisible hand” always makes it happen?
14. Explain why there are fewer exchanges made when a disequilibrium price exists?
15. At equilibrium quantity, what is the relationship between the maximum buying price and the minimum selling price?
16. The price of an external hard disk is lower today than it was five years ago. Is this necessarily the result of a lower demand for the external hard disk? Please explain
17. ‘The price of T-shirt keeps rising and rising, and people keep buying more and more’ T-shirts must have an upward-sloping demand curve. Do you agree or disagree?
18. Explain how the market moves to equilibrium in terms of shortage and surplus?
19. Is it possible for the demand curve to be downward sloping? Please give some examples to illustrate your answer.
20. What is sunk cost? What are the difference between opportunity cost and sunk cost?
21. If the price changes, would it be any shift in demand curve?
22. If the producer wishes to raise the revenue, increase in price will give rise to increase in revenue? Do you agree or disagree with the above-mentioned statement?
23. If the driving population increases in an area and the supply of express way is constant, ceteris paribus. What would happen to the express way congestion and its price?

“Time is a great teacher, but unfortunately it kills all its pupils”
Louis-Hector Berlioz (1803-1869)