

APEC 8001 Recitation

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Today's Agenda

- 1 Class Preparation / Lecture Feedback
- 2 Problem Set 2 Clarifications
- 3 Welfare Evaluation (EV & CV)
- 4 Questions

Class Preparation / Lecture Feedback

- For those of you who read 2019 Lecture Notes before class:
 - Do you read for comprehension or just skim the notes?
 - Does Paul's lecture fill in your gaps of understanding, or simply reiterate what you already know?
 - On average, how much of the lecture notes do you feel need to be covered in class after your review of the lecture notes? (e.g. 50%, 75%?)

Class Preparation / Lecture Feedback

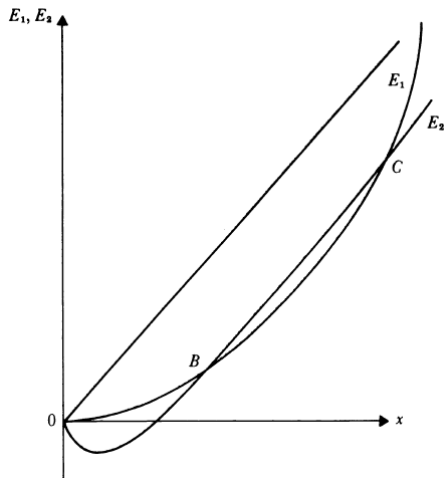
- For those of you who read MWG Chapter before class:
 - Do you read for comprehension or just skim the chapter?
 - Does Paul's lecture fill in your gaps of understanding, or simply reiterate what you already know?
 - On average, how much of the lecture notes do you feel need to be covered in class after your chapter reading? (e.g. 50%, 75%?)

Class Preparation / Lecture Feedback

- Do you think Paul sets the right pace in class?
- Does Paul provide the right level of emphasis on the topics covered in class?
- What are your suggestions for improving the pace of the class?
- Other suggestions that would improve your comfort level with the class?

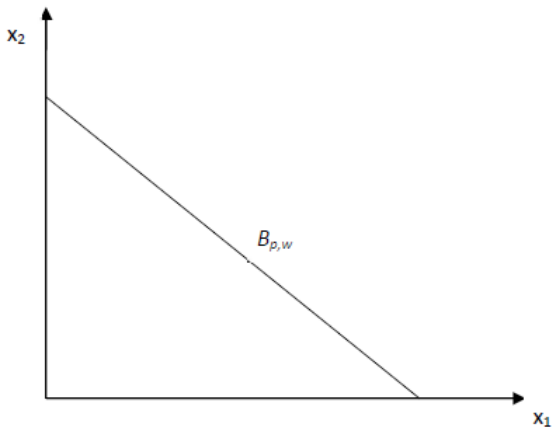
Problem Set 2 Clarifications

Question 1



Problem Set 2 Clarifications

Question 3



Welfare Evaluation (EV & CV)

Equivalent Variation :

Welfare change measure using initial prices, \mathbf{p}^0 , as reference prices)

$$EV(p^0, p^1, w) \equiv e(p^0, u^1) - e(p^0, u^0) = e(p^0, u^1) - w$$

Compensating Variation :

Welfare change measure using subsequent prices, \mathbf{p}^1 , as reference prices)

$$CV(p^0, p^1, w) \equiv e(p^1, u^1) - e(p^1, u^0) = w - e(p^1, u^0)$$

Questions?

Any remaining questions?