

Econ 306-001
Problem Set #1
DUE: FEBRUARY 3, 2014 at the beginning of class

Instructions: Write or type your answers neatly. You may work with others if you like, but each person is required to hand in their own copy. This assignment will be graded on two margins. First, the assignment will be checked for completeness (points will be deducted for missing problems). Second, the assignment will be graded based on the accuracy of a subset of problems, usually 5 or 6 questions, worth around 20 points each.

Show your work! "Yes," "No," or single number answers will receive zero credit!

Chapter 2:

Review Questions: 3,4,8,14,15

Problems: 4

Chapter 3:

Review Questions: 6,7,14,18

Problems: 9, 16

Additional Questions:

1. What is economics? Is it a natural science or a social science? How does economics differ from disciplines like psychology or history?
2. Economics uses individuals as the unit of analysis. What does this mean? Why does this make sense? Is it correct then for us to discuss large groups of people? For example, does Congress act or the people in Congress?
3. What is scarcity? What does scarcity imply for people's behavior?
4. What is opportunity cost? What is this important for economic analysis?
5. Use an example from your own life to discuss the idea of incentives, costs, and benefits. How did the costs and benefits of an activity impact your decision?