

**Exam 1 Study Guide**  
**Microeconomics**  
**Dr. Creswell**  
**Section: 004 & 005**

**Exam One Content:**

- Chapter 1- The World Around You
- Chapter 2 - Opportunity Costs & Specialization
- Chapter 3- Supply & Demand & The Price System
- Chapter 4.1 - The Market System
- Chapter 6- Price Elasticity of Demand

*\* Use the power points & this study guide to help you when you are studying!*

*\* I will be going over this material in my sessions on Thursday (1-2 Bowman 223 and 3:45-4:45 in CHH 011) and through next week as needed.*

*\* Please print this guide out on your own and bring it to session if you have questions.*

*\* Go to class & study for the exam ! :)*

## **Exam 1 Study Guide**

**1. What is economics? What is the difference between macro and micro ?**

**2. What is scarcity, an economic good and an economic bad?**

**3. Describe the mistake of association is not causation.**

**4. What is the difference between a positive and normative statement?**

POSITIVE STATEMENT	NORMATIVE STATEMENT

**5. Describe what is happening when someone is acting in their rational self interest.**

**6. Define Resources. List the factors of production and the income related with each? (Name them and how they are paid)**

**7. What is opportunity cost?**

**8. Explain the Productions Possibility Curve (PPC)**

**9. Name a couple ways economic growth can happen and how is it shown on a PPC?**

**10. Why is the PPC bowed outward?**

**11. For the following problem figure out the opportunity cost for each good for each person and explain who has the comparative advantage in producing each.**

	<b>Paperclips (tons per hour)</b>	<b>Headphones (per hour)</b>
<b>Jeremy</b>	<b>10</b>	<b>2</b>
<b>Beth</b>	<b>3</b>	<b>1</b>

**The comparative advantage ( the ability to produce a good or service at a lower opportunity cost than someone else)**

**Headphones -**

**Paperclips -**

**12. List the four allocation systems and explain if each one is fair and what the incentive for each is.**