

ECO 2023 – PRINCIPLES OF MICROECONOMICS
CHAPTER LEARNING OBJECTIVES

CHAPTER 1
ECONOMICS: THE CORE ISSUES

The Micro Economy Today, 11th edition by Bradley R. Schiller

As you read through Chapter 1 of the assigned textbook, use these objectives as a guide for note taking. Yes, I really expect you to read this chapter! Yes, I really expect you to take notes on what you are reading about within this chapter! That's how you LEARN new subject material! Provide an "answer" to each of the learning objectives listed below, and then cross-reference this list with the in-class lecture notes that you've taken on this chapter. Of course there will be some overlap in the coverage of topics! If it's important for you to know after reading this chapter, then it's on the list below. Remember, I use the lecture period to highlight super-important concepts and to relate them to current events. You **HAVE TO** read along in the textbook if you want to acquire all of the information you will need for testing purposes!

After a careful reading of Chapter 1, the student is expected to be able to:

- (1) Understand what is meant by the term *the economy*.
- (2) Explain the link between individual actions and collective outcomes.
- (3) Understand the concept of scarcity.
- (4) List and give examples of the 4 factors of production.
- (5) Explain how an economist would define the term *capital*.
- (6) Discuss the contribution made by economist Joseph Schumpeter to our understanding of the role of the entrepreneur in economic progress.
- (7) Identify, in a broad manner, what is studied within the discipline of Economics.
- (8) Understand the concept of opportunity cost.
- (9) Explain why an economist says "there's no such thing as a free lunch".
- (10) Draw a Production Possibilities Curve (PPC), given the necessary data.
- (11) Define the term *efficiency*.
- (12) Use a PPC to analyze and illustrate efficiency, inefficiency, unemployment, and economic growth.

- (13) Explain the Law of Increasing Opportunity Costs and why it applies to real-world economic systems.
- (14) Identify the two major causes of economic growth.
- (15) Analyze the “guns versus butter” decisions currently being made by the government of North Korea.
- (16) Identify the three basic decisions that each economic system must address.
- (17) Explain how these three basic economic decisions are made in a free market economy.
- (18) Define the term *market mechanism*.
- (19) Discuss, according to Adam Smith, the appropriate role for the government to play within the economy.
- (20) Define the French term *laissez faire*.
- (21) Explain how these three basic economic decisions are made in a centrally-planned (command) economy.
- (22) Discuss, according to Karl Marx, the appropriate role for the government to play within the economy.
- (23) Discuss, according to John Maynard Keynes, the appropriate role for the government to play within the economy.
- (24) Explain how these three basic economic decisions are made in a mixed economy.
- (25) Explain the concept of market failure and give real-world examples of it.
- (26) Explain the concept of government failure and give real-world examples of it.
- (27) Explain the difference in focus between Macroeconomics and Microeconomics, and be able to give examples of the types of issues studied in each course.
- (28) Define the term *ceteris paribus* and understand both how it is helpful in economic analysis and how it may complicate economic predictions.
- (29) Explain how politics plays a role in developing and implementing economic policy.
- (30) Discuss how the discipline of economics is still an evolving body of knowledge.
- (31) Discuss the potential benefits and costs of the “mission to Mars”.
- (32) Utilize the necessary graphing tools required for success in this course (see the Appendix)