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	Textbook
•	http://bookboon.com/cs/microeconomics-uk-ebook
	Microeconomics / Robert S. Pindyck, Daniel L. Rubinfeld Understanding microeconomics / Russell S. Sobel a kol. Understanding macroeconomics / Russell S. Sobel a kol. Principles and applications of macroeconomics / Marc Lieberman, Robert E. Hall

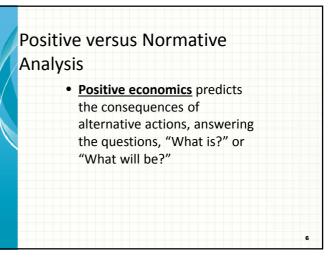
Introduction

- What is economics
- 2 ways
- The economic way of thinking

•	 <u>Economics</u> studies the choices that
	can be made when there is scarcity.
	Scarcity is a situation in which
	resources are limited in quantity
	and can be used in different ways.
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Positive versus Normative Analysis • <u>Normative economics</u> answers the question, What ought to be? Normative questions lie at the heart of policy debates.

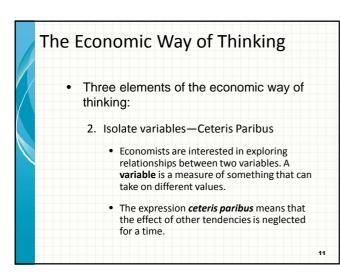
Decisions in a Modern Economy Economic decisions are made at every level in society. The choices made by individuals, firms, and governments answer three questions: What products do we produce? How do we produce the products? Who consumes the products?

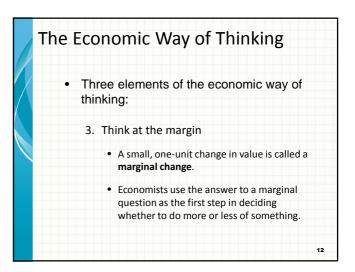
Economic Analysis and Modern Problems

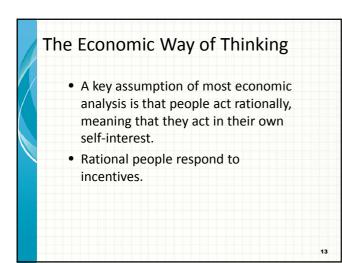
- Economic analysis provides important insights into real-world problems.
- Economists attempt to diagnose and provide solutions to problems such as traffic congestion, poverty in Africa, or the problems of an entire economy.

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The Economic Way of Thinking
 Three elements of the economic way of thinking:
1. Use assumptions to simplify
 Eliminate irrelevant details and focus on what really matters. Keep in mind that simplifying
assumptions do not have to be realistic.
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Preview of Coming Attractions: Microeconomics • <u>Microeconomics</u> is the study of the choices made by households, firms, and government, and of how these choices affect the markets for goods or services.

Preview of Coming Attractions: Microeconomics We can use microeconomic analysis to: Understand how markets work and predict changes.

2. Make personal and managerial decisions.

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3. Evaluate public policies.

•	Μ	Macroeconomics is the study of the		
	nation's economy as a whole. We can use macroeconomic analysis to:			
•				
	1.	Understand why economies grow.		
	2.	Understand economic fluctuations.		
	3.	Make informed business decisions.		

