

What is Microeconomics?

Worksheet

Microeconomics focuses on individual actors - consumers, workers, and firms - and how they respond to price changes and incentives. It's the foundation of understanding markets and competition.

@text{Qs} = @text{Qd}

Questions

1. Microeconomics is primarily about
 - A) National unemployment and GDP
 - B) Individual markets and consumer choice
 - C) Central bank interest rates
 - D) Global trade balances
2. A law firm decides to hire more lawyers. Is this micro or macro?
 - A) Macroeconomics - it affects the whole economy
 - B) Microeconomics - it's one firm's decision
 - C) Both equally
 - D) Neither - it's management, not economics
3. What is the law of demand?
 - A) Buyers always buy the cheapest product
 - B) As price rises, quantity demanded falls (all else equal)
 - C) Supply always matches demand
 - D) Price is set by the government
4. Which is a microeconomic question?
 - A) What is the national inflation rate?
 - B) Why does an airline raise ticket prices on popular routes?
 - C) How fast is the economy growing?
 - D) What is the unemployment rate?
5. Why does the price of coffee rise when bad weather damages the coffee crop?
6. A firm wants to know if it should raise wages to attract workers. How does microeconomics help?
7. Why do students buy fewer textbooks when the price doubles?
8. Define: What does microeconomics study?
9. Define: Key word in microeconomics?
10. Define: Supply and demand - what do they determine?

Answer Key

1. B) Individual markets and consumer choice - Microeconomics studies individuals, firms, and specific markets - not the whole economy.
2. B) Microeconomics - it's one firm's decision - One firm's hiring is a microeconomic decision; aggregate hiring across all firms is macro.
3. B) As price rises, quantity demanded falls (all else equal) - The inverse relationship between price and quantity demanded is central to microeconomics.
4. B) Why does an airline raise ticket prices on popular routes? - An airline's pricing decision is microeconomic; the others are macro questions.
5. Bad weather supply falls With same demand, scarcity pushes price up Consumers respond by buying less at higher price
6. Microeconomics studies labour supply & firm behaviour Higher wages more workers willing to apply Firm weighs wage cost vs productivity gain
7. Higher price students make trade-offs Some skip or share; demand falls This is the law of demand in action
8. Individual actors - consumers, workers, firms - and how they make choices in specific markets.
9. Scarcity - unlimited wants, limited resources force choices.
10. Market price and quantity sold in a specific market.

Bounlu

All cards, step-by-step solutions and an AI tutor are in the Notek app.
Promy turns exam dates into automatic reminders.