

MICROECONOMIC THEORY I

PROBLEM SET 1

DUE DATE: FRIDAY, SEPTEMBER 6 AT 2:30PM

Instructions: Clearly identify your solution (e.g., circle your answer) so that I can quickly identify your answer. Print your entire name at the top left of every page. I will not accept late assignments. See syllabus for grading scheme. Staple or paperclips your answers to this handout, and be neat.

1. Answer the following questions from your textbook, Nicholson and Snyder, 11th edition, 2012. Make sure that you have the correct edition, as you are responsible for answering the correct questions correctly.

- 2.1, 2.2, 2.3, 2.4
- 2.7, 2.8
- 2.10
- 2.12 (a,b,c,d,e,f)
- 2.15 (a)
- 2.16 (a, b, e)

2. Download and read Becker's 1992 speech, "The Economic Way of Looking at Life" from my website and answer the following questions.

- Becker wrote that economics "is a method of analysis, not an assumption about particular motivations". What is the difference between "method of analysis" and "assumption" here? Explain in your own words what you think distinguishes the economic approach to behavior (according to Becker).
- Becker's method of analysis helps us understand crime, the family, education, and labor market discrimination. Yet, these are all areas studied by non-economists. What, then, do you see as being the unique contribution of economics to these areas not revealed by other disciplines? (There is no right or wrong answer here).