**TUTORIAL 1:**

**INTRODUCTION TO MICROECONOMICS**

**Name:**

**Marks**:

**ID:**

**Section:**

Question 1

Explain on the three basic economic concepts. Briefly elaborate how they are related to each other.

Question 2

State whether the following statements is positive or normative.

1. The increase in tax rate will cause the production cost to increase.
2. Basic healthcare and education should be provided by the government in a country.
3. Individuals with higher income make more demand for goods and services.
4. Expansionary fiscal policy should be implemented to overcome the problem of unemployment.

Question 3

The table below shows the combination of production possibilities of Country X that produces two types of products which are handphone and computer.

|  |  |
| --- | --- |
| **Combinations** | **Production** |
| **Computer** **(thousand units)** | **Handphone****(thousand units)** |
| P | 0 | 20 |
| Q | 10 | 18 |
| R | 15 | 15 |
| S | 20 | 11 |
| T | 25 | 6 |
| U | 30 | 0 |

1. Based on the table below, draw a production possibilities curve (PPC) for Country X.
2. Explain the result if Country X decides to produce 35 units of handphones and 40 units of computers.
3. Find the opportunity cost:
4. of producing from 0 to 15,000 units of computer.
5. of producing from 20,000 units to 25,000 units of computer.
6. of producing from 6,000 to 11,000 units of handphone.
7. of producing from 11,000 units to 18,000 units of handphone.
8. when the production of computer increases from 10,000 to 20,000 units.
9. when the production of handphone increases from 15,000 to 20,000 units.

Question 4

1. Country Y is producing two products which are rice and cotton. Sketch a graph to show the movement of the production possibilities curve when there is an improvement in the technology for the production of rice.

Question 5

Give **THREE** differences in the characteristics of capitalism and socialism.