Addis Ababa University

Assignment one for Human and Dental medicine

Department of Economics

Due date: May 6 2020

Submission via email:-

Review questions Part I: Discussion questions (each marked out of 2)

1. Define economics from perspective of Wealth, Welfare, Scarcity, and Growth. Which definition more suits for economics? Why?

2. Why we study economics? Have you gained anything from this chapter? Would you discuss them please?

3. Define scarcity, choice and opportunity cost. Can you link them in your day to day lives?

4. What do you understand by positive economics and normative economics?

5. Explain why economics deals with allocation and efficient utilization of scarce resources only?

6. In recent years, especially around big cities, there is the problem of air pollution and the likelihood of poisoning is high. Given this scenario, do you think that air is free resource? Justify your answer.

7. Describe the four categories of economic resources. Which category of resources you and your family owned?

8. What is a production possibility curve? Use an graphical example to explain.

9. Discuss the economic system in Ethiopia over the recent three regimes (EPRDF, Derg and imperial regime)

10. What are the central problems of an economy? Discuss those using examples

Part II: Work out items (5 points)

Stay Safe!!

1. Assume that a certain simplified economy produces only two goods, X and Y, with given resources and technology. The following table gives the various possible combinations of the production of the two goods (all units are measured in millions of tons).

Production possibility	Good X	Good Y	Opportunity cost of Good X
1.	0	100	
2.	2	90	
3.	4	60	
4.	6	20	

a) Calculate the opportunity cost of the production of good X at each point. What law does the trend in those values exhibit?

b) What changes are required for this economy to shift the PPF outward?

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