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An Overview of the *Study Guide* and Chapter 1

Study guides that accompany textbooks are usually written as an afterthought by someone who has little connection to the textbook that is supposed to be supported by the study guide. I think it is for this reason that most study guides are not terribly helpful — and, I am told, they are not widely used by students.

This *Study Guide* is different in that it was written by me (the author) at the same time as the textbook was being written. It is therefore completely integrated into the textbook and based entirely on material that is introduced there. To be more precise, the textbook not only provides an initial introduction to the material but also serves as a launching pad for you to engage more directly with the material. It is really only through such a more direct engagement that you will begin to internalize the various concepts – and the *Study Guide* provides some structure around which to build that engagement.

Study Guide Overview

Here are the main ways to use the *Study Guide* for Chapters 2 through 29 as you proceed:

1. Each chapter begins with a quick **bullet point overview** of the main concepts in the corresponding textbook chapter. This essentially provides a 1 minute review highlighting the big ideas.

2. The bullet point overview is followed by a short discussion of **how best to use the LiveGraphs** (provided on the web site) to deepen your understanding of the material. (More on this in the next section!)

3. **Detailed explanations to within-chapter-exercises** are then provided for every within-chapter exercise. These exercises were constructed to help you absorb the material as you read the text – and my own students have done considerably better on exams when I have provided them with answers to these questions. So I am making them generally available here.

4. About a third of the end-of-chapter exercises in the textbook are marked with a (†) that indicates solutions to those exercises are provided in the *Study Guide*. Each chapter of the *Study Guide* therefore contains these **selected end-of-chapter exercise solutions**.

5. Finally, in some chapters I have a short conclusion that offers some hopefully **helpful hints**.

Most of the *Study Guide* is, as you will see, taken up by explanations of within-chapter and end-of-chapter exercises. My hope is that you will turn to these after attempting them on your own. I think the best way to approach the within-chapter-exercises is to do them as you read the text — or as you listen to the LiveGraphs corresponding to the relevant sections of the text. This way you confront the main ideas immediately — and they will stick with you much more easily.

Using the LiveGraphs

While each chapter of the *Study Guide* will point out particulars about the Live-Graphs for that chapter, I'll discuss here briefly what the LiveGraphs page of the website contains generally and how best to view each section.

The LiveGraphs web page contains the Chapter titles on the left and four tabs — Animated Graphics, Exploring Relationships, Static Graphics and Downloads — on the top. Here is what each tab contains for each chapter (from Chapter 2 through 29):

1. **Animated Graphics**: Under this tab, you will find an animated graph that corresponds to each of the graphs in the text. As you open a graph, the **default audio option** is for you to listen to me explain the graph as it evolves, with you controlling the speed by clicking "Play" when you are ready to proceed. You can turn the audio off (by simply clicking on my picture) and instead read the **written explanation**. And you can **rewind** and **fast forward** whenever you would like.

   Different students will make use of these LiveGraphs in different ways — because different students learn differently. Some of my students have told me that they actually "read" much of the text by listening to the *Animated Graphics* and then use the printed text more as a reference resource. Others go to the *Animated Graphics* only in cases where they feel unsure about the material. Still others use them as a way of reviewing prior to exams. **Check out these animations and find how best to use them for your studying**. They are a unique resource that comes only with this textbook.

2. **Exploring Relationships**: Under this tab, you will find various graphical modules that do not directly correspond to one of the text graphs (and thus aren't under the Animated Graphics tab) and that often **allow you to provide input**

that affects the graphs. Some chapters have several of these, others at this point do not have any. We intend to add to these each semester as we hear ideas on what might be most useful.

3. **Static Graphics**: This tab contains the static versions of the graphs as they appear in the textbook — only in color tones that are optimized for viewing on the computer (rather than in print). (Some instructors may use these in their classroom presentations.)

4. **Downloads**: This final tab contains for each chapter a **pdf file of all the graphs** that appear in the text. These become more useful as the text progresses — because the explanations that accompany a graph often spill across pages. You can therefore **print out just the graphs and keep them with you as you read the text** — which will keep you from having to flip back and forth too much. For the B-parts of the chapters, we also have a pdf that contains all the numbered equations.

Chapter 1 Overview

Chapter 1 differs from the other chapters in the book in that it serves primarily as a big-picture introduction to the field of microeconomics (and to the structure of the textbook). As a result, there are no within-chapter or end-of-chapter exercises and no LiveGraphs. Still, there are a few points worth highlighting:

1. Economics is much broader than most people think — it is (largely) a **science** in the sense that it attempts to predict, and it does so by constructing **models** that treat individuals as trying to **do the best they can given their circumstances**.

2. Economics does not stop at analyzing individual behavior but is furthermore interested in how individual behavior results in **social consequences** that we capture in the notion of an **equilibrium**.

3. Economists use models — simplified versions of reality — to capture the essence of real-world situations. Such models are usually meant to predict in the simplest possible way — making **simplicity of models a virtue**.

4. **Positive economists** restrict themselves to using their tool kit to *predict* outcomes of different institutional incentives; **normative economists** use their tool kit to furthermore *judge* these outcomes. But the line between positive and normative economics can get blurry — as in the case of **efficiency** predictions that are often interpreted as normative prescriptions.

5. When viewing the world through the economist's lens, we will find that

a) It isn't always (or even usually) the case that there must be a loser if there is a winner;

b) "Good" people can behave "badly" if their incentives are sufficiently perverse; and

c) The existence of (an economic) order does not necessary imply that the order was created by anyone — it could have emerged spontaneously.

Given that we have no LiveGraphs and no exercises in Chapter 1, we'll leave it at that and proceed to Chapter 2 where we begin the process of building a model of human behavior.