## Chapter 1

[1](http://openstax.org/books/principles-microeconomics-3e/pages/1-self-check-questions#fs-idp29324864).

Scarcity means human wants for goods and services exceed the available supply. Supply is limited because resources are limited. Demand, however, is virtually unlimited. Whatever the supply, it seems human nature to want more.

[2](http://openstax.org/books/principles-microeconomics-3e/pages/1-self-check-questions#fs-idp17722592).

100 people / 10 people per ham = a maximum of 10 hams per month if all residents produce ham. Since consumption is limited by production, the maximum number of hams residents could consume per month is 10.

[3](http://openstax.org/books/principles-microeconomics-3e/pages/1-self-check-questions#fs-idm44213984).

She is very productive at her consulting job, but not very productive growing vegetables. Time spent consulting would produce far more income than it what she could save growing her vegetables using the same amount of time. So on purely economic grounds, it makes more sense for her to maximize her income by applying her labor to what she does best (i.e. specialization of labor).

[4](http://openstax.org/books/principles-microeconomics-3e/pages/1-self-check-questions#fs-idm9204768).

The engineer is better at computer science than at painting. Thus, his time is better spent working for pay at his job and paying a painter to paint his house. Of course, this assumes he does not paint his house for fun!

[5](http://openstax.org/books/principles-microeconomics-3e/pages/1-self-check-questions#fs-idp114519664).

There are many physical systems that would work, for example, the study of planets (micro) in the solar system (macro), or solar systems (micro) in the galaxy (macro).

[6](http://openstax.org/books/principles-microeconomics-3e/pages/1-self-check-questions#fs-idp45666752).

Draw a box outside the original circular flow to represent the foreign country. Draw an arrow from the foreign country to firms, to represents imports. Draw an arrow in the reverse direction representing payments for imports. Draw an arrow from firms to the foreign country to represent exports. Draw an arrow in the reverse direction to represent payments for imports.

[7](http://openstax.org/books/principles-microeconomics-3e/pages/1-self-check-questions#fs-idp29826816).

There are many such problems. Consider the AIDS epidemic. Why are so few AIDS patients in Africa and Southeast Asia treated with the same drugs that are effective in the United States and Europe? It is because neither those patients nor the countries in which they live have the resources to purchase the same drugs.

[8](http://openstax.org/books/principles-microeconomics-3e/pages/1-self-check-questions#fs-idm62491568).

Public enterprise means the factors of production (resources and businesses) are owned and operated by the government.

[9](http://openstax.org/books/principles-microeconomics-3e/pages/1-self-check-questions#fs-idm186615616).

The United States is a large country economically speaking, so it has less need to trade internationally than the other countries mentioned. (This is the same reason that France and Italy have lower ratios than Belgium or Sweden.) One additional reason is that each of the other countries is a member of the European Union, where trade between members occurs without barriers to trade, like tariffs and quotas.