**Practice Problems – Chapter 2**

* You are trying to decide whether to go on a beach trip during your first spring break. What costs do you need to consider?
* How are economists like scientists?
* How are economists not like scientists?
* Let's start an Italian restaurant that makes pizzas and sandwiches.
  + What will our production possibility frontier look like?
  + Why will it take the shape that it has?
  + How can we read the opportunity cost? Does it matter which part of the PPF we look at?
  + Why might the shape change over time?
* Now suppose we are going to the Italian restaurant with a group of friends, and we want to decide what to order. Pizzas are $10, sandwiches are $5, and we have $100 to spend.
  + What will our consumption possibility frontier look like?
  + What is the opportunity cost of a pizza? Does it matter where on the CPF we are?
  + What will happen to the CPF if we have $200 to spend?
  + What will happen to the CPF if the price of sandwiches increases to $10?
* Suppose the entire economy consists of Italian restaurants: during half of the week we work in one, and during the other half we buy food from them.
  + What does the circular-flow diagram look like?
  + What is missing from our model?
* What are positive and normative statements?
* Why might two economists make different suggestions?
* Why might politicians ignore economists' suggestions?