

Microeconomics

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Subject of economics

**Ways to solve the problem of choosing
between competing goals for using
limited resources**

Microeconomics and Macroeconomics

- * Microeconomics studies the behavior of individual economic agents: individuals, households, enterprises, owners of primary production resources*
- * Macroeconomics explores the functioning of the economic system as a whole and its large sectors*

The subject of microeconomics

- * behavior (economic decisions) of economic agents due to limited resources:
 - * of consumers
 - * firms
 - * households
 - * government organizations
- * the functioning of individual markets, manifested in the formation of prices, demand and supply

Microeconomics methodology

- * the study of objects of knowledge is not directly, but through the analysis of some auxiliary objects, which are called models

Models

modulus – мера, образец

- * object other than the original being studied
- * simplified description of the original object of study
- * description that reproduces the properties of the original that are significant in terms of the objectives of the study

Economic models

- * **substantialness and realism of the accepted premises and assumptions**
- * **predictive ability**
- * **possibility of information support and verification**