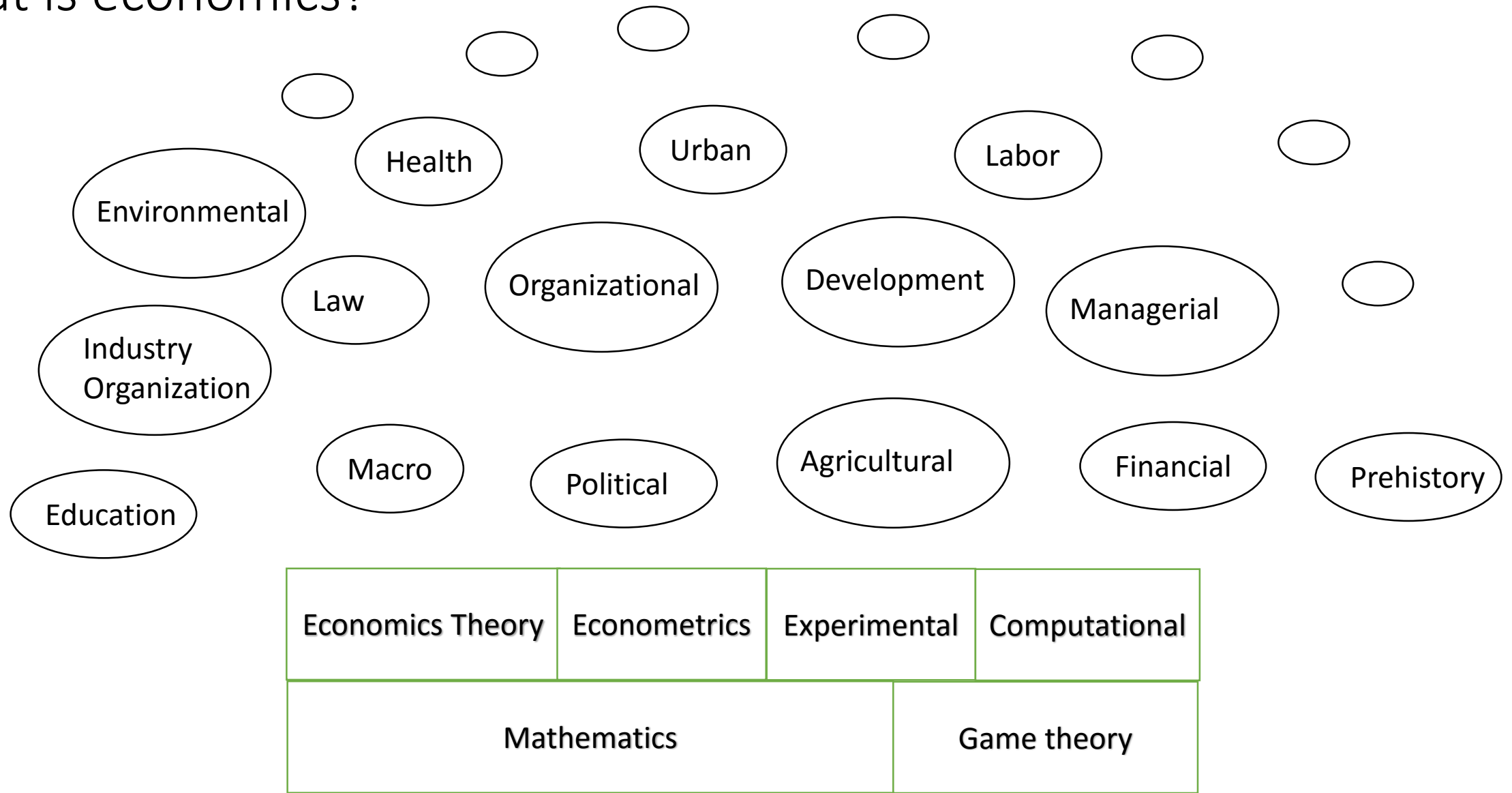


# What is economics?



# How to learn Economics?

- Training vs Learning

- Training for jobs.

- i.e. Accounting, Finance

- Purpose of Learning: to improve the Capability to live

- i.e. History, Philosophy

- (Professor Amos Witztum has a wonderful video on Youtube. Search “Amos Witztum Introduction to Economics LSE”.)

- Be careful when you apply what you learn here in the real world. Few economic results can be used directly.

- i.e. Trade is good.

- Notes < Books < Papers

- Intuition + Graph + Math

- Strong background in Math is important, but intuition is more important.

- Watch news

- The core of Microeconomics is about Decision Making
- Mathematically decision making is a constrained optimization problem.
  - When there are more than one decision maker, we use game theory.
  - An individual maximizes his utility subject to his budget constraint
  - A firm maximizes its profit subject to its cost and market demand

# Modeling

- Assumptions
  - To simplify the problem
  - To focus on one aspect of the problem
  - Starting with strong assumptions, then gradually relax them.
- Math
- An example: Perfect Competition