

# LEARNING ECONOMICS

## Or, How to Prepare for those Dreaded Exams

**QUESTION:** Why do many college students discover their introductory economics courses to be one of the most difficult experiences in their first two years of college?

**ANSWER:** Because these two introductory courses combine the study of economic **principles** or theories with both the **analysis** and **application** of those theories. These three aspects of mastering economic theory rely on a basic understanding of the special vocabulary or **language** of economics.

Most entering college students did not have the type of high school economics class which provided you with that special language or prior knowledge of general economics theory. Yet you must acquire and demonstrate that you can analyze and apply these theories in order to pass the course. The following material identifies and illustrates the various levels of cognitive skills necessary to meet this academic challenge.

### ***I. QUESTIONS AT THE KNOWLEDGE LEVEL***

The first level of cognitive skills necessary to learn economics is **knowledge**. This is the remembering or recall of previously learned material. Whenever you learn (i.e. remember) specific facts, definitions, or explanations you are functioning at this level. Typical test questions at this level might be:

1. True or False: Profit is the reward paid to those who provide the economy with capital.
2. To say that two economic goals are mutually exclusive means that:
  - (a) It is not possible to achieve both goals.
  - (b) These goals were not accepted as goals in the old Soviet Union.
  - (c) The achievement of one of the goals results in the achievement of the other.
  - (d) It is possible to quantify both goals.

This type of question is probably routine for you since knowledge level questions are typically asked on high school tests. But in college economics classes, only a small percentage of test questions are at this level. Yet it is essential to learn this material because you need the knowledge to function at the next levels.

## **II. QUESTIONS AT THE COMPREHENSION LEVEL**

The second level of cognitive skills necessary to learn economics is **comprehension**. This is the ability to grasp the meaning of material. This may be shown by translating material from one form to another (words to numbers or graphs), by interpreting material (explaining or summarizing), and by estimating future trends (predicting consequences or effects). Comprehension type questions evaluate your ability to understand rather than merely recall information. Typical test questions at this level might be:

1. If an individual determines to save a larger percentage of his/her income, he/she will no doubt be able to save more. To reason, therefore, that if all individuals determine to save a larger percentage of their incomes they will be able to save more is an example of:
  - (a) The post hoc, ergo propter hoc fallacy.
  - (b) The fallacy of comprehension.
  - (c) A generalization that is true during a depression but not at other times.
  - (d) Using loaded terminology.
  
2. If there is an increase in the resources available within the economy, then:
  - (a) More goods and services will be produced in the economy.
  - (b) The economy will be capable of producing more goods and services.
  - (c) The standard of living in the economy will rise.
  - (d) The technological efficiency of the economy will improve.

Comprehension questions may comprise about 30% of most economics tests.

## **III. QUESTIONS AT THE APPLICATION LEVEL**

The third level of cognitive skills necessary to learn economics is **application**. This is the ability to use learned material in new and concrete situations. This may include the application of such things as concepts, principles, methods, laws, or theories. Learning outcomes in this area require a higher level of understanding than those under comprehension. Obviously, to function at this level requires both knowledge and comprehension of the relevant material. Typical test questions at this level might be:

1. The law of supply states that as price increases:
  - (a) Supply increases.
  - (b) Supply decreases.
  - (c) Quantity supplied increases.
  - (d) Quantity supplied decreases.

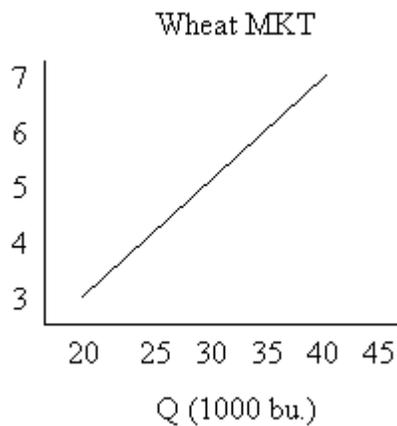
2. Use the table below to answer the question.

P	QS (1,000 bu. of wheat)
\$ 7	40
6	35
5	30
4	25
3	20

In the table, if price increases from \$5 to \$6, then the quantity supplied increases from 30,000 bu. to 35,000 bu. This is an example of:

- (a) the law of demand.
- (b) an increase in supply.
- (c) an increase in demand.
- (d) the law of supply.

3. Using the graph below, answer the following question.



In the graph, the upward sloping supply curve represents:

- (a) the law of supply.
- (b) the law of demand.
- (c) an increase in supply.
- (d) all of the above.

**Note** that these three questions are essentially the same question in different formats: verbal, numerical, and graphic. These type of questions will occur with increasing frequency on exams as you move through the semester.

#### ***IV. QUESTIONS AT THE ANALYSIS LEVEL***

The fourth level of cognitive skills necessary to learn economics is **analysis**. This is the ability to break down material into its component parts so that its organizational structure may be understood. This may include the identification of the parts, analysis of the relationships between the parts, or the recognition of the organizational principles involved. Learning outcomes here represents a higher intellectual level than comprehension and application because they require an understanding of both the content and structural form of the material. The analysis of the relationship between parts of a theory is especially important in the study of economics. Typical test questions at this level might be:

1. When government places a ceiling on the price of a good and that ceiling is below the equilibrium price, the result will be:
  - (a) A surplus of the good.
  - (b) A shortage of the good.
  - (c) An increase in the demand for the good.
  - (d) A decrease in the supply of the good.
  
2. An increase in demand and a decrease in supply will:
  - (a) increase price and increase the quantity exchanged.
  - (b) decrease price and decrease the quantity exchanged.
  - (c) increase price and the effect upon quantity exchanged will be indeterminate.
  - (d) decrease price and the effect upon quantity exchanged will be indeterminate.

While they may not appear on your first test, analysis questions will become more frequent on exams as you approach the end of the semester.