

Chapter 5

Concepts	Analysis
Equilibrium point	Shift demand curves with the 5 determinants of demand
Equilibrium price	Shift supply curves with the 5 determinants of supply
Equilibrium quantity	Find new market equilibria with changes in supply and/or demand
Price Ceiling	Identify market equilibria and market disequilibria (shortages/surpluses)
Black Market	Elaborate the process of removing shortages and surpluses in markets
Price Floor	Identify consumer surplus, producer surplus, and total surplus in market equilibria
Deadweight loss	Show changes in producer and consumer surplus associated with shifts in supply OR demand
Import tariff	Identify deadweight loss associated with market disequilibrium (price controls and market failure)

Chapter 6

Concepts	Analysis
Price elasticity of demand	Computing price elasticity using the basic formula
[Price] Inelastic demand	Computing income and cross elasticity of demand
[Price] Elastic demand	Computing price elasticity of supply
[Price] Unit-elastic demand	Identifying substitutes/complement by the sign of cross elasticity of demand
Total revenue	Identifying normal goods, luxury goods, and inferior goods by income elasticity of demand
Perfectly elastic demand	Apply factors that affect the price elasticity of demand (substitutes, time, income, etc.)
Price elasticity of supply	Apply factors that affect the price elasticity of supply (resource availability, time, technology, etc.)
Cross-price elasticity of demand	Distinguish between legal and economic incidence of a tax
Income elasticity of demand	Analyze changes in consumer and producer surplus from the imposition of a tax
Normal good	Identify tax revenue and deadweight loss from taxes
Inferior good	Analyze the relative economic incidence (burden) of the tax on consumers and producers
Necessity (formal definition)	
Luxury (formal definition)	
Tax incidence	
Sales tax	
Excise tax	

Chapter 8

Concepts	Analysis
Profit	Distinguish between explicit and implicit costs, between accounting profits and economic profits
Explicit costs	Distinguish between the short run and the long run
Implicit costs	Find total cost area from an average total cost curve
Accounting profit	Relate marginal cost to average cost
Economic profit	Explain economies and diseconomies of scale
Production function	For a given price, find the profit-maximizing output ($p=MC$)
Long run	Find marginal cost and average cost from total cost data
Short run	
Fixed input	
Variable input	
Marginal product	
Law of diminishing returns	
Wage	
Rental rate (price)	
Fixed cost	
Variable cost	
Total cost	
Average total cost	
Marginal cost	
Sunk "cost"	
Economies of scale	
Diseconomies of scale	
Minimum efficient scale	