Principles of Microeconomics Outline, part II

5. The Market Strikes Back
   • Price Controls: Ceilings and Floors
   • Quotas
   • Deadweight Loss

6. Elasticity
   • Midpoint Method
   • Price Elasticity of Demand
   • Price Elasticity of Supply
   • Income Elasticity: Normal and Inferior Goods
   • Cross-price Elasticity: Substitutes and Complements
   • Elasticity and Total Spending (Revenue): Price and spending are positively related when demand is inelastic, negatively related with demand is elastic.

7. Taxes
   • Excise and Sales Taxes
   • The Tax Wedge
   • Excess Burden (Deadweight Loss)
   • Tax Incidence: Who Pays?
     • Elasticity and Tax Incidence: Buyer’s share = $e_S/(e_S + |e_D|)$, Seller’s share = $|e_d|/(e_S + |e_D|)$.
   • Per-unit subsidies

8. International Trade
   • Comparative Advantage and International Trade
   • Supply and Demand in World Markets
   • Gains from Trade
   • Tariffs and Subsidies, Who Wins and Loses
   • Import Quotas (Quota Wedge)

9. Making Decisions
   • Implicit and Explicit Costs
   • Accounting Profit and Economic Profit
   • Marginal Decisions
     • Marginal Decision Rule: $MB = MC$ at optimum
   • Present Value of $A$ one year from now: $PV = \frac{A}{1+r}$