

Principles of Microeconomics: a Guided Tour

INTRODUCTION

- 1 Ten Principles of Economics ·
- 2 Thinking Like an Economist ·
- 3 Interdependence and the Gains from Trade

The study of economics is guided by a few big ideas.

Economists view the world as both scientists and policymakers.

The theory of comparative advantage explains how people benefit from economic interdependence.

How MARKETWORK

- 4 The Market Forces of Supply and Demand ·
- 5 Elasticity and Its Application
- 6 Supply, Demand, and Government Policies

How does the economy coordinate interdependent economic actors? Through the market forces of supply and demand.

The tools of supply and demand are put to work to examine the effects of various government policies.

MARKETS AND WELFARE

- 7 Consumers, Producers, and the Efficiency of Markets
- 8 Application: The Costs of Taxation
- 9 Application: International Trade –

Why is the equilibrium of supply and demand desirable for society as a whole? The concepts of consumer and producer surplus explain the efficiency of markets, the costs of taxation, and the benefits of international trade.

THE ECONOMICS OF THE PUBLIC SECTOR

- 10 Externalities
- 11 Public Goods and Common Resources
- 12 The Design of the Tax System

Market outcomes are not always efficient, and governments can sometimes remedy market failure.

To fund programs, governments raise revenue through their tax systems, which are designed with an eye toward balancing efficiency and equity.

FIRM BEHAVIOR AND THE ORGANIZATION OF INDUSTRY

13 The Costs of Production

The theory of the firm sheds light on the decisions that lie behind supply in competitive markets.

14 Firms in Competitive Markets

15 Monopoly

16 Monopolistic Competition

Firms with market power can cause market outcomes to be inefficient.

17 Oligopoly

THE ECONOMICS OF LABOR MARKETS

18 The Markets for the Factors of Production

19 Earnings and Discrimination

These chapters examine the special features of labor markets, in which most people earn most of their income.

20 Income Inequality and Poverty

TOPICS FOR FURTHER STUDY

21 The Theory of Consumer Choice

Additional topics in microeconomics include household decision making, asymmetric information, political economy, and behavioral economics.

22 Frontiers of Microeconomics