Contents

chapter 1	Introduction	1
√ 1	What Is Economics? The Role of Prices	1 3
v 2	Supply and Demand Analysis	4

PART ONE Demand Analysis

chapter 2		The Scarcity Principle	11
V	3	Definition of Demand Elasticity of Demand	11 12
V	4	The Opportunity Set Income Effects	14 16
V	5	Substitution Effects	19
cha	oter 3	Indifference Curves	25
V	6	Rational Behavior The Indifference System	25 26
V	7	Demand Curves Engel Curves	29 31
V	8	Combined Demand Curves Market Demand and Engel Curves	35 38

ix

digitalisiert durch: IDS Luzern

V	9	Differences in Tastes	42
7	*10	Revised Approach to Consumer Choice Environmental Variables Appendix	45 47 48
V	11	Utility Analysis	50
cha	pter 4	Uncertainty	57
V	12.	Uncertainty Expected Utility Theory	57 58
v	*13	Insurance and States of the World	61

PART TWO Supply of Products

chapter	5 Fundamentals of Supply	69 .
V 1	5 The Firm and Profit Maximization Firm and Market Supply Curves	69 71
V 1	6 Marginal and Average Cost Economic Rent	74 77
¥ 1	7 Short and Long Run	79
v 1	3 External Effects	84
chapter	6 Competition and Monopoly	89
V 1:	 The Comparative Statics of Competitive Equilibrium The Stability of Equilibrium 	89 91
v 2) Monopoly "Natural" Monopoly	94 95
√ 2	1 Collusion	98
√ 2	2 Price Discrimination	102
√ 2	3 Non-price Rationing	106

Contents

PART THREE Production and the Demand for Factors

	chap	oter 7	Production by the Firm and Industry	113
	٧	24	Production Functions The Cost-Minimizing Conditions Appendix	113 115 117
	V	25	Cost Curves Increasing and Decreasing Costs	119 120
	¥	26	Technological Change Appendix	124 128
	У.	*27	Induced Technological Change	129
l	chap	oter 8	Demand for Factors	135
	V	28	Derived Demand for Factors of Production Fixed Quantities of Other Factors Fixed Prices of Other Factors	135 136 137
	۷	29	Substitution Between Factors Appendix	139 142
	V	30	Substitution Between Industries: A Numerical Example A Single Industry Two Industries	144 144 146
	•	31	Substitution Between Industries: A General Model Appendix	149 150

PART FOUR Supply of Factors of Production

chapter 9	Human Capital	159	
32	Land, Labor, and Capital Population	159 160	
33	Labor Force Participation	162	

I

34	Nonmarket Activities Occupational Choice Appendix	165 166 169
35	Investment in Training	172
36	Differences in Abilities and Opportunities The Distribution of Earnings Appendix	177 179 180
chapter 10	Accumulation of Capital over Time	•
37	Consumption and Savings	184
38	The Rate of Growth in Consumption Appendix	191 193
*39	The Determination of Interest Rates The Rate of Investment = Savings	195 200
*40	Growth Paths Appendix	202 204
	General Problems	210
	Bibliography—Reading List	214
	Index	219

ł