

CONTENTS IN BRIEF

PREFACE TO MICROECONOMICS

ix

PART ONE BASIC CONCEPTS

1

1 INTRODUCTION

3

Appendix: 1 How to Read Graphs

14

2 BASIC PROBLEMS OF ECONOMIC ORGANIZATION

23

A. Problems of Economic Organization

24

B. Society's Technological Possibilities

26

3 MARKETS AND COMMAND IN A MODERN ECONOMY

37

A. How Markets Solve the Basic Economic Problems

38

B. The Economic Role of Government

43

C. Specialization, Money, and Capital

48

4 THE ELEMENTS OF SUPPLY AND DEMAND

55

PART TWO MICROECONOMICS: SUPPLY, DEMAND, AND PRODUCT MARKETS 73

5	SUPPLY AND DEMAND IN INDIVIDUAL MARKETS	75
	A. Elasticity of Demand and Supply	77
	B. Applications of Supply and Demand	86
6	DEMAND, UTILITY, AND CONSUMER BEHAVIOR	100
	Appendix: 6 Geometrical Analysis of Consumer Equilibrium	116
7	BUSINESS ORGANIZATION	125
	A. Big, Small, and Infinitesimal Businesses	126
	B. The Corporation	127
	Appendix: 7 Elements of Accounting	139
8	THEORY OF PRODUCTION AND MARGINAL PRODUCTS	152
9	ANALYSIS OF COSTS	166
	Appendix: 9 Production, Cost Theory, and Decisions of the Firm	185
10	COMPETITIVE SUPPLY AND COMPETITIVE MARKETS	193
	A. Supply Behavior of the Competitive Firm	194
	B. Supply Behavior in Competitive Industries	198
	Appendix: 10 Special Cases of Competitive Markets: Supply and Demand at Work	211
11	MONOPOLY: ANALYSIS AND REGULATION	221
	A. Patterns of Imperfect Competition	221
	B. Analysis of Monopoly	229
	C. The Cost and Control of Monopoly	236
	Appendix: 11 Economics of Risk and Uncertainty	249
12	IMPERFECT COMPETITION AND ANTITRUST POLICY	258
	A. Patterns of Imperfect Competition	259
	B. Behavior of Large Corporations	266
	C. Antitrust Policy	271
	Appendix: 12 Game Theory	283

PART THREE WAGES, RENT, AND PROFITS: THE DISTRIBUTION OF INCOME **291**

13 INTRODUCTION TO INCOMES AND INEQUALITY **293**

- A. Measurement of Incomes and Inequality** 294
- B. The Sources of Inequality** 302

14 PRICING OF FACTORS OF PRODUCTION **310**

- A. Marginal-Productivity Theory of Distribution** 311
- B. Factor Pricing: The Case of Land Rents** 320

15 WAGES AND THE LABOR MARKET **330**

- A. Wage Determination under Perfect Competition** 331
- B. Discrimination by Race and Gender** 341

16 LABOR UNIONS AND COLLECTIVE BARGAINING **352**

- A. The American Labor Movement** 353
- B. Impact of Imperfect Competition on Wages** 360

17 CAPITAL, INTEREST, AND PROFITS **371**

- Appendix: 17 Advanced Analysis of Capital and Interest** 386

PART FOUR EFFICIENCY, EQUITY, AND GOVERNMENT **393**

18 MARKETS AND ECONOMIC EFFICIENCY **395**

19 ECONOMIC ROLE OF GOVERNMENT **409**

- A. Government's Role in a Modern Economy** 410
- B. Public-Choice Theory** 416
- C. Public Choice and Externalities** 424

20 ECONOMIC ROLE OF GOVERNMENT: EXPENDITURE AND TAXATION **434**

- A. Government Expenditures** 435
- B. Economic Aspects of Taxation** 438

21 POVERTY, EQUALITY, AND EFFICIENCY **458**

22 THE WINDS OF CHANGE: ALTERNATIVE ECONOMIC SYSTEMS 477

- A. Evolution of Economic Thought 478
- B. Marxism and Alternative Economic Systems 486

PART FIVE ECONOMIC GROWTH AND INTERNATIONAL TRADE 503

23 ECONOMIC GROWTH: THEORY AND EVIDENCE 505

- A. The Theory of Economic Growth 506
- B. The Trends and Sources of Economic Growth 513

Appendix: 23 Modern Economic-Growth Theories 525

24 THE ECONOMICS OF DEVELOPING COUNTRIES 531

- A. Developing Countries 532
- B. Population and Economic Conditions 533
- C. The Process of Economic Development 539

25 INTERNATIONAL TRADE AND THE THEORY OF COMPARATIVE ADVANTAGE 551

- A. Economic Basis for International Trade 552
- B. The Balance of International Payments 564

26 PROTECTIONISM AND FREE TRADE 573

27 EXCHANGE RATES AND THE INTERNATIONAL FINANCIAL SYSTEM 591

- A. The Determination of Foreign Exchange Rates 592
- B. Evolution of the International Monetary System 599

EPILOGUE 615

GLOSSARY 616

INDEX 639