

## Study Module Topics and Application Exercises

<b>Module 1: Basic Supply and Demand</b>	
<u>Module Content</u> Demand, supply, and equilibrium Shifts in demand and supply Event studies in the supply and demand model Policy analysis: price ceilings, taxes Elasticity	<u>4-S Application Exercises</u> Supply and demand in the context of Uber surge pricing Income changes in the supply-demand model Natural disasters, price gouging laws, and essential goods What are effective public policies for the heroin market? Elasticity and tax incidence (Frost) Price of beer and automobile fatalities: using elasticity to determine appropriate public policy
<b>Module 2: Firm Costs and Competitive Market Analysis</b>	
<u>Module Content</u> Definitions of different types of costs (implicit, explicit, economic, accounting, fixed, variable) Short-run production function Marginal cost and average cost Competitive firm supply curve Market supply curve Long-run equilibrium in competitive markets Event studies for competitive firm and markets	<u>4-S Application Exercises</u> Competitive market assumptions -- men's ball caps Firm's reaction to news about profits Should your restaurant shut down? Rising firm production costs
<b>Module 3: Imperfect Competition</b>	
<u>Module Content</u> Barriers to entry Defining the scope of a particular market Marginal revenue for a firm facing a downward-sloping demand curve Output and price decisions for firm facing downward-sloping demand curve Profit for a firm facing downward-sloping demand curve Efficiency comparison between competitive firms and firms with market power Government policy toward imperfectly competitive markets Sources of monopoly power and policy responses (e.g., natural monopoly, competitive advantage, cornering a market, government policy)	<u>4-S Application Exercises</u> Monopolies and innovation Monopoly Power under Pharmaceutical Patents Potato Market Cartel Examples of Price Discrimination
<b>Module 4: Externalities</b>	
<u>Module Content</u> Negative and positive externalities Efficiency loss of market outcome in the presence of externalities Possible policy responses	<u>4-S Application Exercises</u> Introductory environmental economics application Water pollution in the Des Moines and Raccoon Rivers

Command and control vs. incentive-based regulation	Carbon Tax
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