

DEMAND AND SUPPLY (CH 04)

A. INVISIBLE HAND AND MARKETS

1. Efficiency
2. Assumptions for Efficient Markets
3. Money Prices (P)
4. Quantities Demanded (Q) and Supplied (S)

B. DEMAND (D)

C. SUPPLY (S)

D. EQUILIBRIUM (Q^* ; S^*)

1. Shifts in Demand
2. Shifts in Supply
3. Combined Effects of D, S Shifts
4. Macroeconomic Example: Sales Tax [Reading]

E. DISEQUILIBRIA

1. Price Ceiling – Shortages
2. Price Floor – Surplus
3. Inefficiency of $P \neq P^*$; $Q \neq Q^*$