**CHAPTER 9: The analysis of competitive markets**

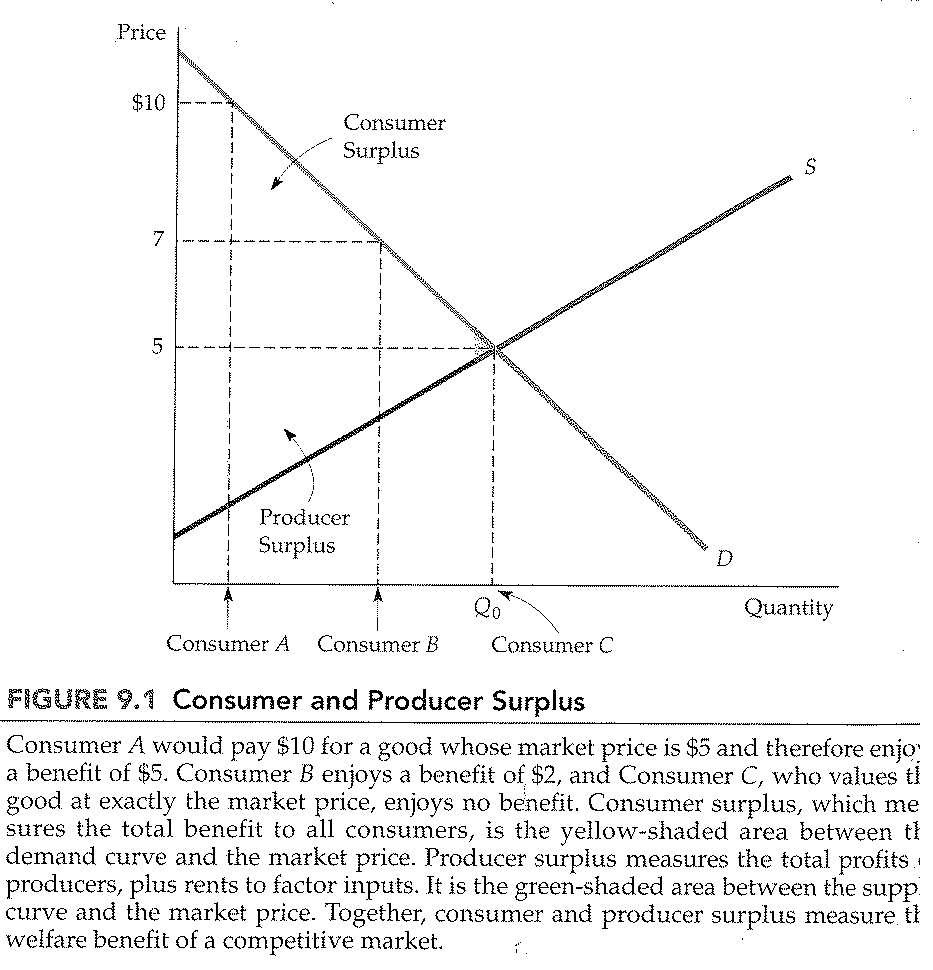
**Checklist**

Can you do the following regarding **analysis of competitive market**?

* Define welfare effects
* Define ceiling price
* Explain consumer surplus
* Explain producer surplus
* Explain deadweight loss
* Explain market failure
* Define externalities
* Define lack of information
* Define minimum price
* Define production quotas
* Define incentive programmes
* Define import quota
* Define tariff
* Define specific tax
* Define and explain the effects of a subsidy

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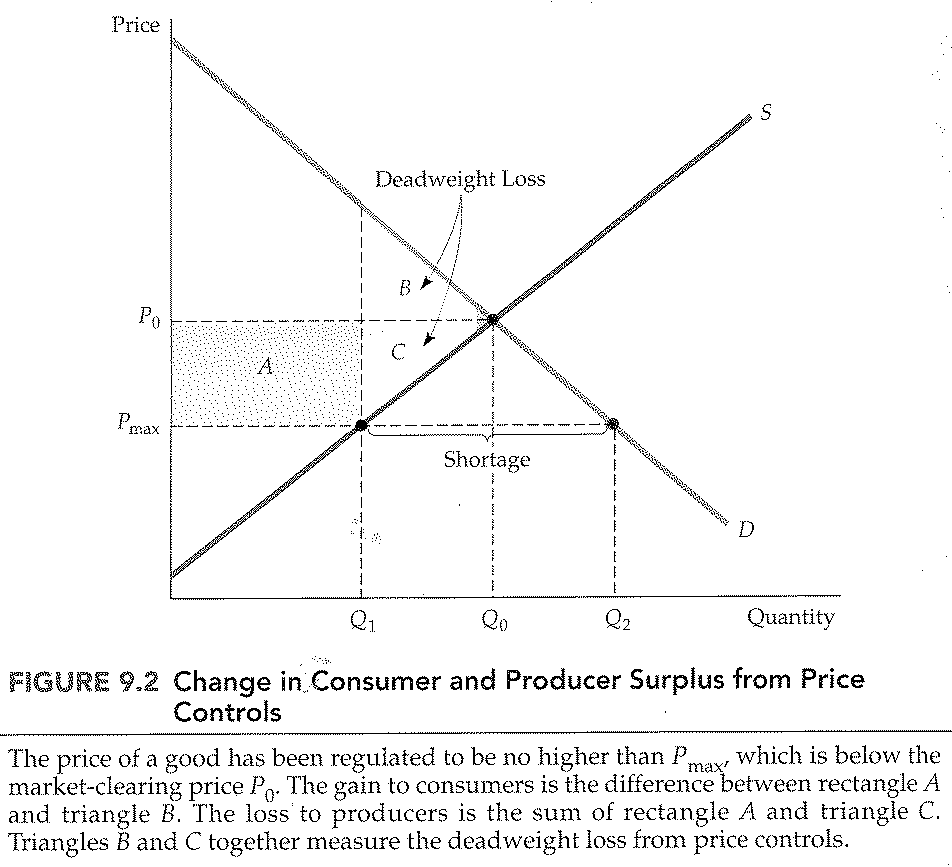
**Consumer and Producer Surplus**



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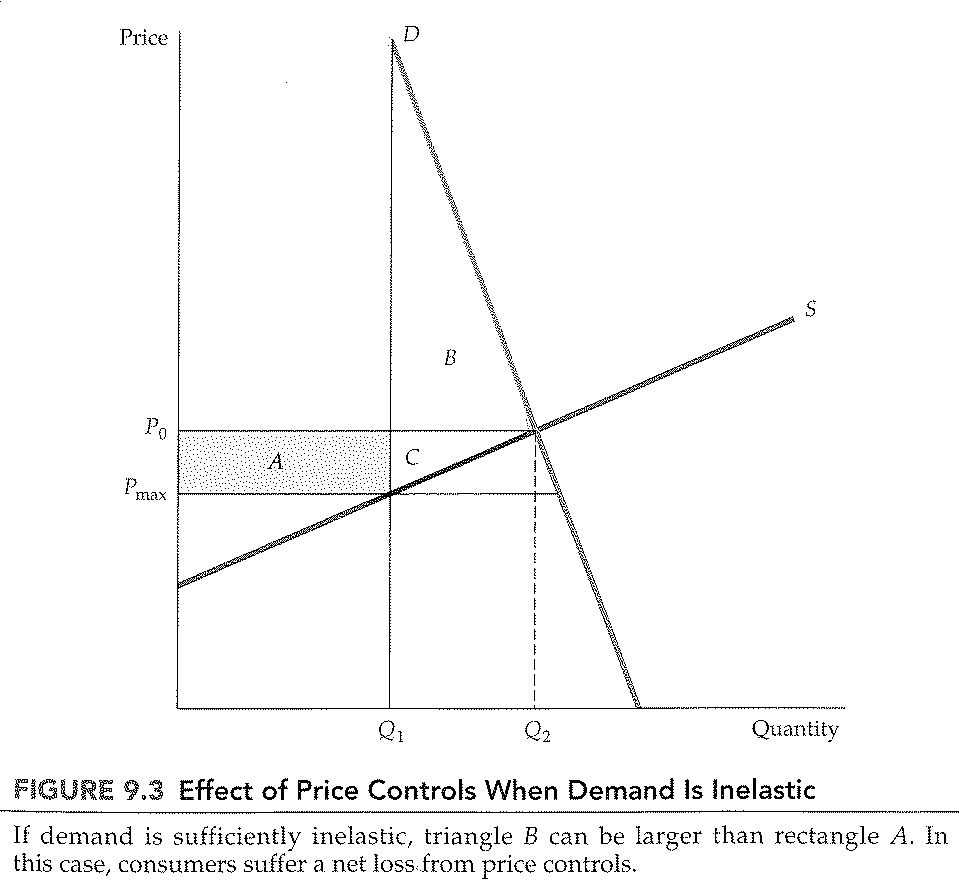
**Change in consumer and producer surplus from price controls**



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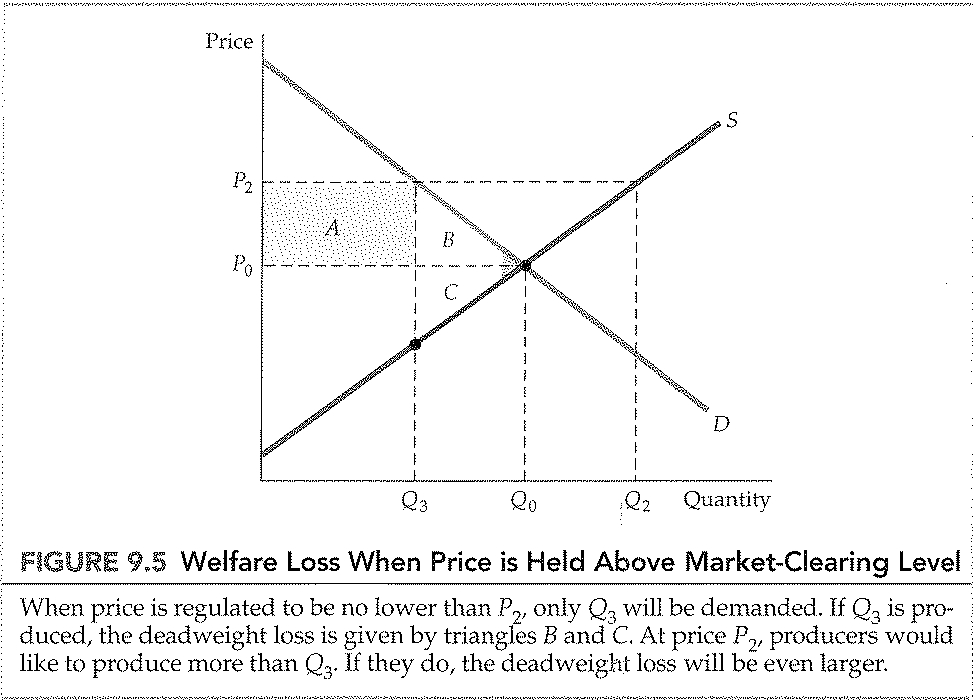
**Effect of price controls when demand is inelastic**



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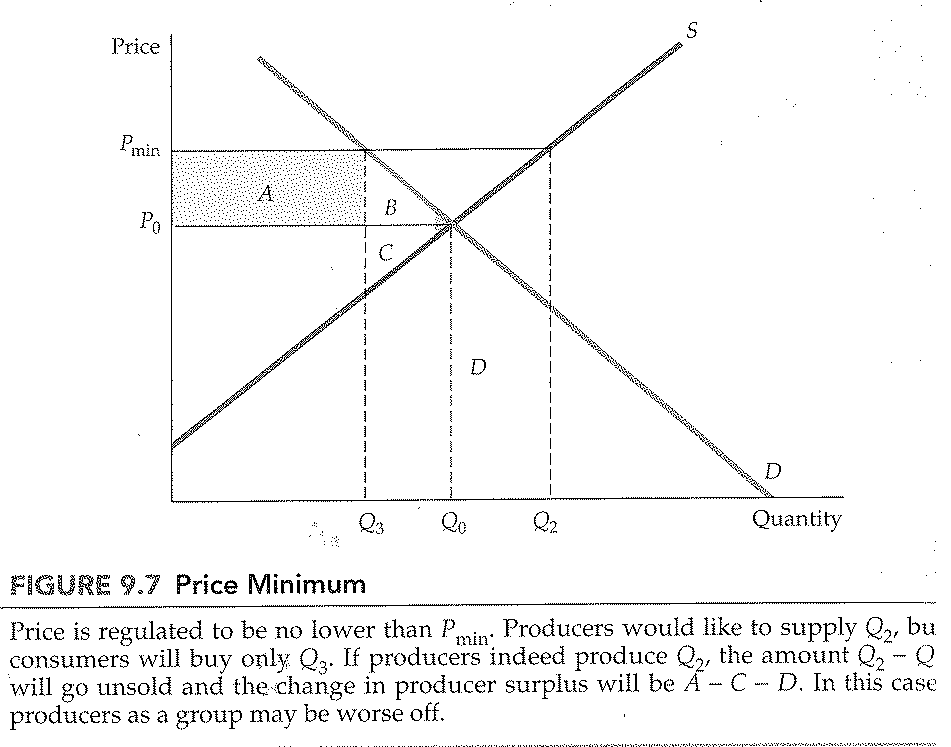
**Welfare loss when price is held above market-clearing level**



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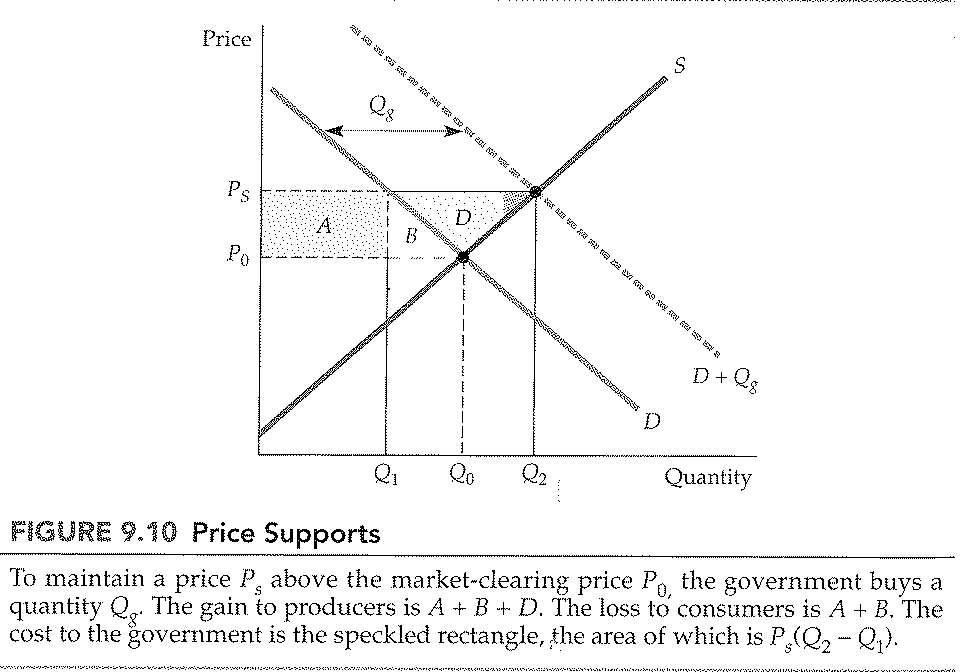
**Minimum price**



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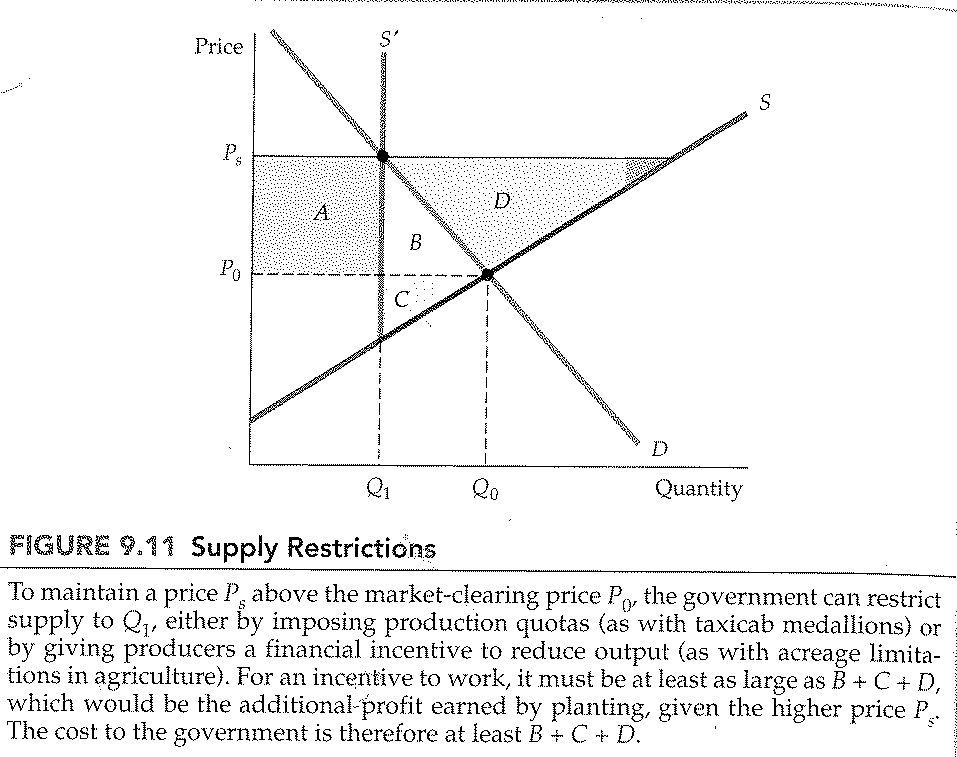
**Price supports**



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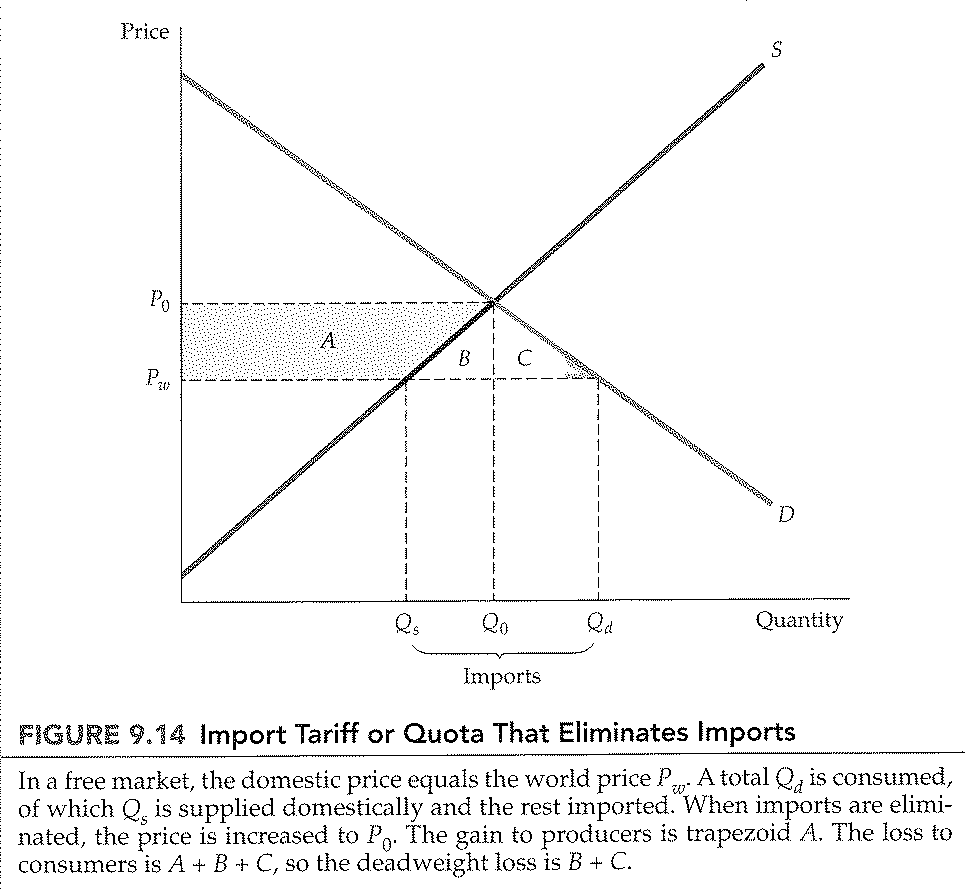
**Production/Supply restrictions**



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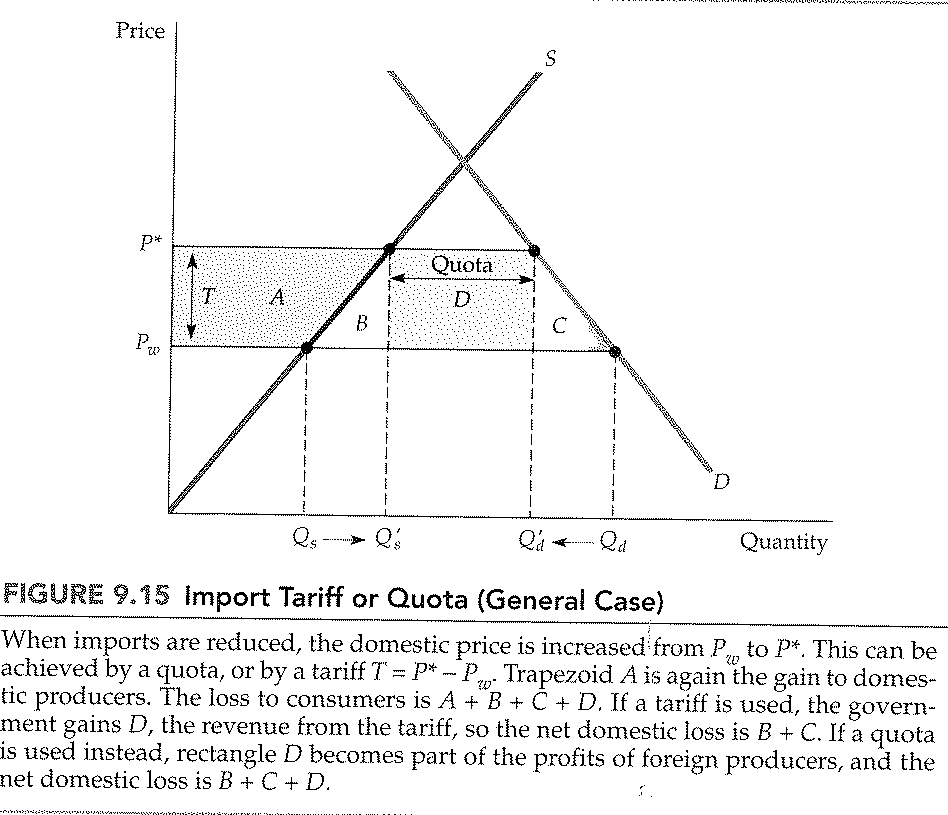
**Import tariff or Quota that eliminates imports**



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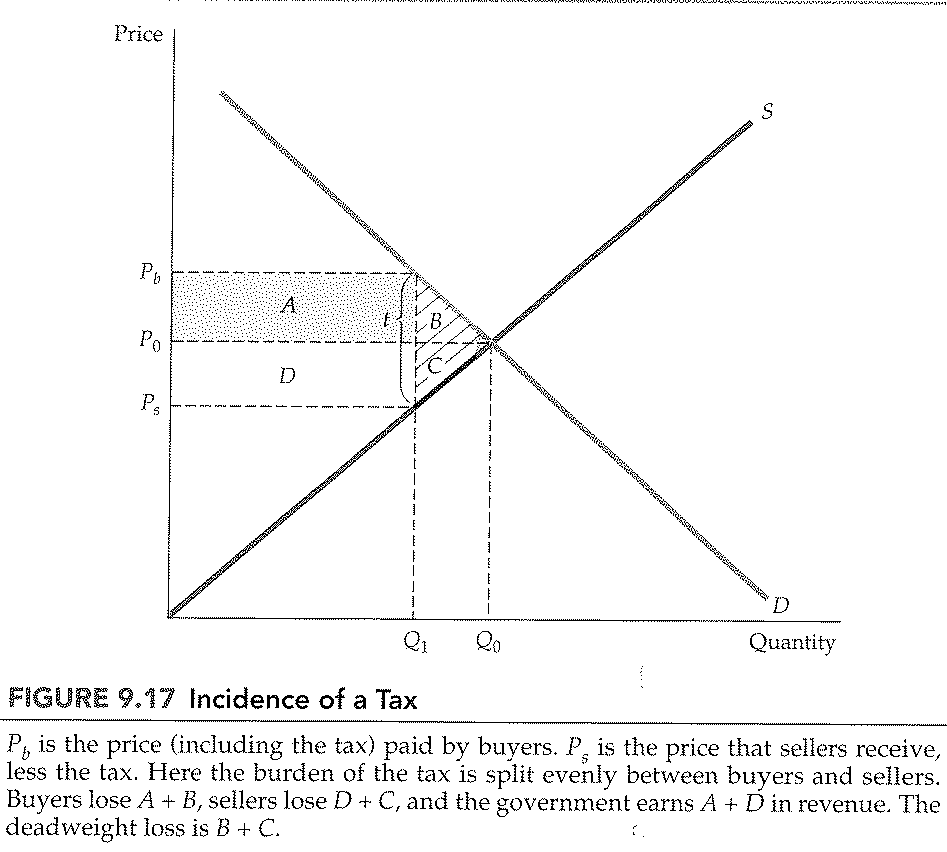
**Import tariff or quota (General case)**



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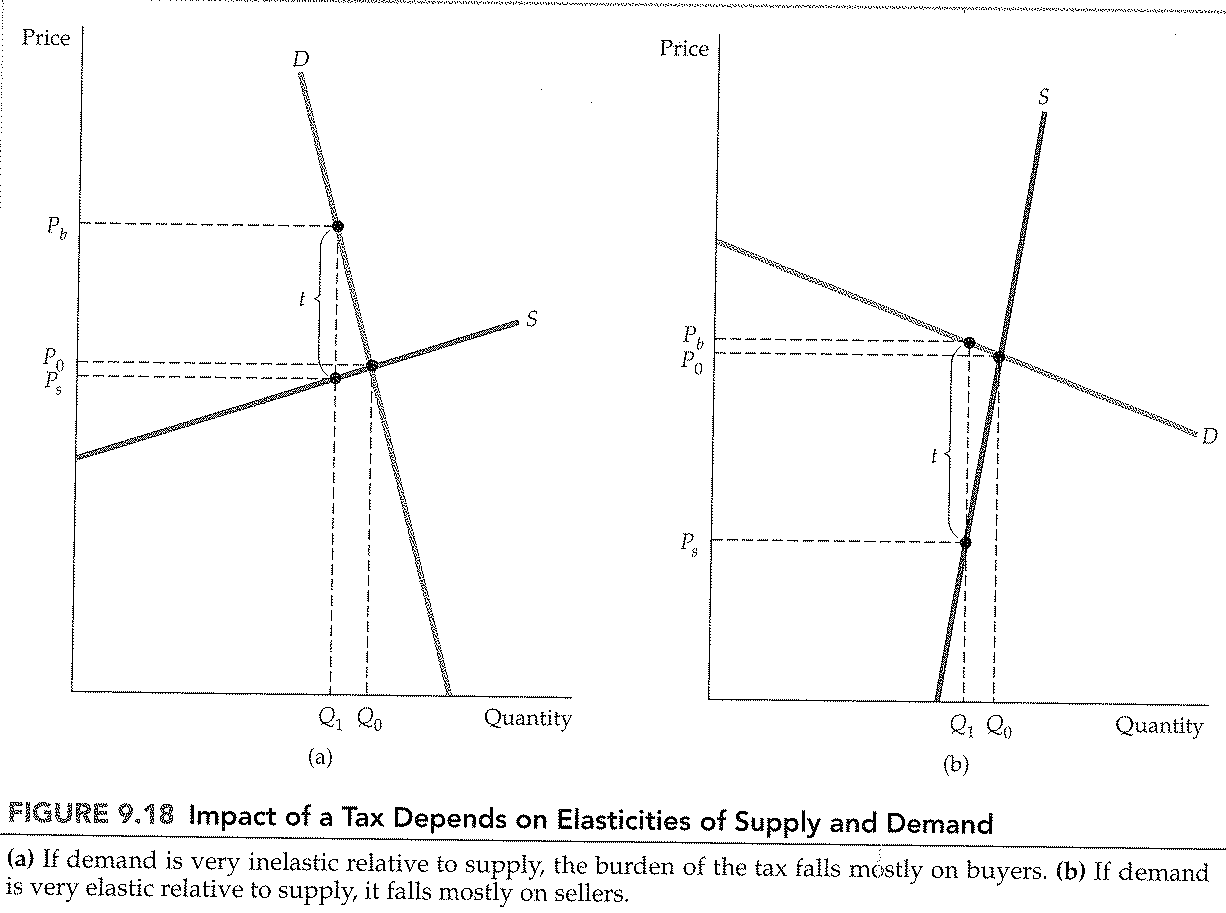
**Incidence of a tax**



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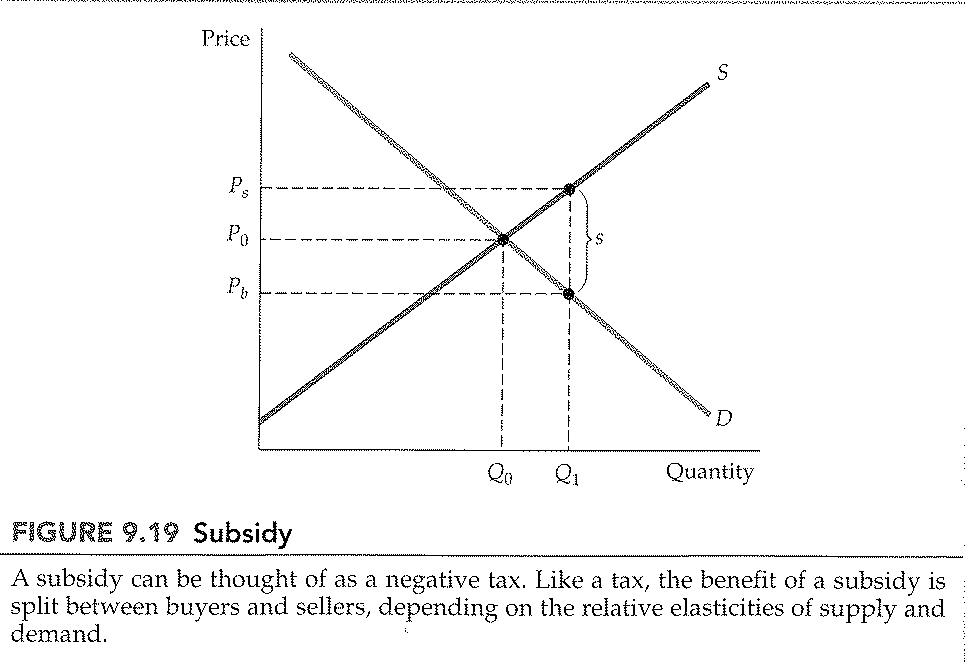
**Impact of a tax depends on elasticities of supply and demand**



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**Subsidy**



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