

[U] Understand (Could be one of the small questions)

[S] Short answers

[G] Draw Graphs

[C] Calculate numerical results

Chapter 12. Factor Input Demand

Section	Subsection	Key Concepts	Level
1. Input Demand for Profit-maximizing Firms	1.1 Marginal Revenue Product (MRP)	$MRP = MP_i \times MR$	[S][C]
	1.2 Input Demand for Profit-maximizing Firms	$MRP_i = \text{Price of factor } i$	[S][C]
	1.3 Least Cost Rule	$MPL/\text{wage} = MPK/\text{interest} = 1/MP$	[S][C]
2. Substitution among Factor Inputs			[U]
3. Firm's and Market's Factor Demand			[U][G]

Chapter 13 & 17. Distribution of Income

Section	Subsection	Key Concepts	Level
1. Wage income determinants	1.1 Real wage	Real wage = nominal wage/ price of the goods	[U][C]
	1.2 Labor Demand		[U]
	1.3 Labor Supply		[U]
	1.4 Labor Market Equilibrium		[S][G]
3. Measure of inequality (Ch. 17 A)		Median Lorenz Curve Gini coefficient	[U]

Chapter 14. Natural Resources and the Environment

Section	Subsection	Key Concepts	Level
2. Environmental Economics	2.1 Concepts	Positive/Negative Externality Public/Private Goods	[U]
	2.2 Inefficiency in market with externalities	Marginal Social Cost/benefit Socially Efficient Level Market provision level Dead weight loss	[S][G]
	2.3 Policies to Correct Externalities	Direct control	[S][G]
		Emission fee	[S][G]
		Ensure complete property rights (Coase Theorem)	[S]

Chapter 18. International Trade

Section	Subsection	Key Concepts	Level
1. Comparative Advantage	Refer to the 2 x 2 Table in the slides	Absolute advantage; Comparative advantage; Specialization; Trade flow; Gain from trade	[S][C]
2. Graphical Analysis	Refer to the slides with PPF of US and Europe	PPF and production point; Consumption possibility curve and point; Gain from trade (relative to autarky): 1. Country indifference curve shifted out 2. World PPF	[S][G]

3. Protectionism	3.1 Free Trade v.s. No Trade	No trade equilibrium; Free trade equilibrium; Import, domestic production, consumption; Gain from trade (in terms of social surplus)	[C][G]
	3.2 Trade Barriers	Prohibitive Tariff Nonprohibitive Tariff Import Quota Dead weight loss (relative to free trade)	[C]