

Formulas

Unit 1

Opportunity Cost

Output Problem

$$\text{Opportunity Cost of Good } A = \frac{B}{A}$$

$$\text{Opportunity Cost of Good } B = \frac{A}{B}$$

Input Problem

$$\text{Opportunity Cost of Good } A = \frac{A}{B}$$

$$\text{Opportunity Cost of Good } B = \frac{B}{A}$$

Price Floor and Ceiling

Price Ceiling

$$Q_d - Q_s = \text{Size of shortage}$$

Price Floor

$$Q_s - Q_d = \text{Size of surplus}$$