Review for Midterm 2:
November 8th, 7-9PM 107 South Kedzie Hall

I. Market Demand
   A. Price Elasticity of Demand - Chapters 4, 5,
      1. What it is and why it is more than slope.
      2. How to calculate it.
      3. How it is related to total expenditure/total revenue.
   B. Taxes - Appendix Chapter 2,
      1. on producer
      2. on consumer
      3. who bears the burden - relate to elasticity of demand

II. Uncertainty - Chapter 6
   A. Von Neuman Morgenstern Utility Model
      a. Risk averse
      b. Risk Neutral
      c. Risk Seeking
   B. Gambles
      a. Fair
      b. Which to take?
      c. Insurance – payment to avoid
   C. Adverse selection
   D. Full disclosure/Unraveling
      a. Application: SAT

III. Costs – Chapters 9 and 10
   A. Long Run
   B. Short Run
   C. Relationship between long and short run costs