

Contents

<i>List of figures</i>	ix
<i>List of contributors</i>	xiv
<i>Acknowledgements</i>	xvii
Introduction	1
<i>Mark Blaug and Peter Lloyd</i>	
PART I SINGLE MARKET ANALYSIS (PARTIAL EQUILIBRIUM)	
Basic tools of demand and supply curve analysis	
1 Marshallian cross diagrams	29
<i>Thomas M. Humphrey</i>	
2 The stability of equilibrium	38
<i>Mark Blaug</i>	
3 Indifference curves and isoquants	43
<i>Mark Blaug and Peter Lloyd</i>	
4 The elasticity of substitution	50
<i>Robert Dixon</i>	
5 Substitution and income effects	58
<i>Hans Haller</i>	
6 Engel curves	64
<i>Ross Williams</i>	
7 Homothetic production and utility functions	69
<i>Rolf Färe and Shawna Grosskopf</i>	
8 Long-run and short-run cost curves	73
<i>Fiona MacLachlan</i>	
9 The product exhaustion theorem	80
<i>Cassey Lee</i>	
10 Classification of technical change	83
<i>Robert Dixon</i>	
11 Nash equilibrium	89
<i>Jürgen Eichberger</i>	

Welfare economics

12	Consumer surplus <i>Yew-Kwang Ng</i>	97
13	The Harberger triangle <i>Yew-Kwang Ng</i>	104
14	Community indifference curves and the Scitovsky ‘paradox’ <i>Richard G. Lipsey</i>	110
15	The taxation of external costs <i>Yew-Kwang Ng</i>	121
16	Monopoly and price discrimination <i>William J. Baumol</i>	128
17	Duopoly reaction curves <i>Nicola Giocoli</i>	137
18	Monopolistic competition <i>Andrew Skinner</i>	145
19	Kinked demand curves <i>R. Rothschild</i>	154

Special markets and topics

20	Backward-bending labour supply curves <i>John E. King</i>	161
21	Location theory: the contributions of von Thünen and Lösch <i>B. Curtis Eaton and Richard G. Lipsey</i>	170
22	Hotelling’s model of spatial competition <i>Nisvan Erkal</i>	179
23	Cobweb diagrams <i>Marc Nerlove</i>	184
24	Reswitching and reversing in capital theory <i>Avi J. Cohen and Geoffrey C. Harcourt</i>	191
25	The Markowitz mean-variance diagram <i>Fiona Maclachlan</i>	199
26	Rent-seeking diagrams <i>Anne O. Krueger</i>	204
27	The logistic growth curve <i>J.S. Cramer</i>	209
28	Graph theory and networks <i>Cassey Lee</i>	212

PART II GENERAL EQUILIBRIUM ANALYSIS**Basic tools of general equilibrium analysis**

29	Circular flow diagrams <i>Roger E. Backhouse and Yann Giraud</i>	221
30	The unit simplex <i>John Whalley</i>	230
31	The Edgeworth box <i>John Creedy</i>	233
32	The role of numbers in competition <i>John Creedy</i>	239
33	Production possibilities frontiers <i>Ronald W. Jones</i>	245
34	The utility-possibility frontier <i>John S. Chipman</i>	252
35	The factor price frontier <i>Alan D. Woodland</i>	262
36	Pareto efficiency <i>Peter Lloyd</i>	272
37	The phase diagram technique for analyzing the stability of multiple-market equilibrium <i>D. Wade Hands</i>	280
38	The theory of second best and third best <i>Wai Chiu Woo</i>	286

Open economies

39	The offer curve <i>Murray Kemp</i>	295
40	The Stolper-Samuelson box <i>Henry Thompson</i>	300
41	The Lerner diagram <i>Alan V. Deardorff</i>	305
42	The trade theory diagram <i>Peter Lloyd</i>	311
43	The four-quadrant diagram for the two-sector Heckscher-Ohlin model <i>Arvind Panagariya</i>	317
44	The integrated world equilibrium diagram <i>Avinash Dixit</i>	323

45	The optimal tariff <i>Murray Kemp</i>	328
----	--	-----

PART III MACROECONOMICS

Macroeconomic analysis and stabilisation

46	Keynesian income determination diagrams <i>Michael Schneider</i>	337
47	The IS-LM diagram <i>Warren Young</i>	348
48	The Fleming-Mundell diagram <i>Russell Boyer and Warren Young</i>	356
49	The aggregate demand aggregate supply diagram <i>Richard G. Lipsey</i>	365
50	The Phillips curve <i>Richard G. Lipsey</i>	377
51	The UV or Beveridge curve <i>Peter Rodenburg</i>	393
52	The demand curve for money <i>David Laidler</i>	401
53	Non-neutrality of money <i>He-ling Shi</i>	406
54	The Laffer curve <i>Roger Middleton</i>	412

Growth, income distribution and other topics

55	Intertemporal utility maximization – the Fisher diagram <i>Thomas M. Humphrey</i>	421
56	The diagrams of the Solow-Swan growth model <i>Barbara J. Spencer and Robert W. Dimand</i>	426
57	The Lorenz curve <i>Nanak Kakwani</i>	432
58	Kuznets curve <i>Lisa Cameron, Lata Gangadharan and Sowmiya Ashok</i>	439

<i>Index</i>	447
--------------	-----