

## *Introduction*

<i>Chapter 1: Theory of the Firm</i>	1
1.1 The Elasticity of Substitution	2
1.2 Input Uncertainty and the Elasticity of Substitution	9
1.3 Per-Capita Production Functions	17
1.4 Constant Elasticity of Substitution with More than Two Factors of Production	25
1.5 Depreciation and the Corporate Profits Tax	36
1.6 Investment Timing and the Effect of a Tax Credit	45
1.7 The Optimal Timing for Land Development	58
 <i>Chapter 2: Theory of the Market</i>	 65
2.1 Monopoly, Uncertainty, and the International Flow of Goods	66
2.2 Excess Capacity as a Barrier to Entry	73
2.3 Monopoly and the Extraction of an Exhaustible Resource	80
2.4 A Locational Theory of Monopolistic Competition	89
2.5 Product Diversity under Monopolistic Competition	97
2.6 Natural Monopolies	104
2.7 Resource Stock Externalities - Pareto Equilibrium	111
 <i>Chapter 3: Theory of the Consumer</i>	 118
3.1 Optimal Commodity Taxes	119
3.2 Prices, Quantities, and Intermediate Controls	125
3.3 Risk Aversion with Many Commodities	133
3.4 Separable Utility and Conditional Demand	139
3.5 Product Liability	147
3.6 Negative Income Taxation and the Labor-Leisure Decision	157
3.7 Selected Applications of the Expenditure Function	164
3.8 The New Soviet Bonus Structure	171

<i>Chapter 4: Econometrics and Economic Theory</i>	178
4.1 Estimating Two Factor Constant Elasticity of Substitution Production Functions	179
4.2 Estimating Constant Elasticity of Substitution Production Functions with More than Two Factors	183
4.3 Translog Cost Function - Some Properties	189
4.4 On the Structure of Consumer Demand	200
4.5 Implications of the Independence Between Price and Income on the Structure of Demand	207
 <i>Chapter 5: General Equilibrium Theory and Welfare Economics</i>	 213
5.1 The Edgeworth Geometry of General Equilibrium	214
5.2 The Rybczynski and Stolper-Samuelson Theorems	226
5.3 The Optimal Tariff	235
5.4 Incidence of the Corporate Profits Tax	242
5.5 The Incidence of Pollution Control	251
5.6 Factor Market Distortions	264
 <i>Chapter 6: Topics in General Equilibrium Theory</i>	 273
6.1 Pure Public Goods	274
6.2 Resource Stock Externalities: General Equilibrium	280
6.3 Uniqueness of Equilibria with Production	290
 <i>Chapter 7: Topics in Welfare Economics</i>	 302
7.1 Optimal Commodity Taxation from Consumer Surplus	303
7.2 Voting and the Provision of Local Public Goods	309
7.3 Consumer Surplus with Multiple Goods	319
7.4 Optimal Trade Controls under Uncertainty	325
7.5 The Optimal Return to Government Investment	331
7.6 Peak Load Pricing and the Structure of Demand Uncertainty	340
7.7 The Asymmetry of Taxes and Subsidies	348

<i>Chapter 8: Topics in the Economics of Information</i>	359
8.1 Managing Sudden Supply Shortfalls	360
8.2 Plea Bargaining and the 'Market for Lemons'	369
8.3 A Political Model of Signaling	375
8.4 Education as an Economic Signal	383
8.5 More on Multiple Price Equilibria	392
8.6 The Value of Information	401
 <i>Index</i>	 411