Elasticity is a measure of how responsive one variable is to changes in another variable. In microeconomics, elasticity is often used to measure how responsive the demand for a good is to changes in its price.

There are a number of different types of elasticity, including price elasticity of demand, income elasticity of demand, and cross-price elasticity of demand.

Chapter 6: Consumer Surplus and Producer Surplus

Consumer surplus is the difference between the amount that consumers are willing to pay for a good and the amount that they actually pay for it. Producer surplus is the difference between the amount that producers receive for a good and the cost of producing that good.

Consumer surplus and producer surplus are both measures of economic welfare. They indicate the amount of benefit that consumers and producers receive from participating in a market.

Chapter 7: Market Failure

Market failure occurs when the market fails to allocate resources efficiently. There are a number of different types of market failure, including externalities, public goods, and monopolies.

Externalities are costs or benefits that are not borne by the producers or consumers of a good. Public goods are goods that are non-excludable and non-rivalrous. Monopolies are firms that have market power and can charge prices above marginal cost.

Chapter 8: Government Intervention

Government intervention can be used to correct market failures. There are a number of different types of government intervention, including taxes, subsidies, and regulations.