1. Students will demonstrate their knowledge of what causes price and quantity sold in markets to change, by drawing supply and demand curves depicting a market, showing correct shifts in curves, and correctly identifying what causes changes in markets. Student will distinguish between the *income effect* and the *substitution effect* of a given price change in a market for a specific commodity.
2. Students shall distinguish between economic concepts of total, average and marginal valuations, in evaluating and optimizing the operation of a business, given specific information on the cost structure and revenue generation for a given market environment. The student will draw average and marginal cost and revenue schedules to summarize the profit-maximizing level of output for a competitive firm, given tabular data that summarizes the business environment. In addition, describe how the market structure changes in the case of a monopolistically competitive firm.
3. Students shall analyze and evaluate asymmetric markets, specifically giving an example of the principal agent problem and outlining how the market is impacted in the case of the housing market.