

Fifteen keys to success
Final exam

Review the topics described in the review sheets for the first two midterms

Cost curves/firm supply

1. Average cost, average variable cost, average fixed cost, marginal cost
2. Firm supply curve (max profits $\rightarrow p=MC$)
3. Firm profits, producer surplus

Market equilibrium

4. Find competitive equilibrium
5. Understand efficiency of competitive equilibrium
6. Long-run competitive equilibrium

Monopoly

7. What is marginal revenue for the monopolist?
8. Be able to find the profit maximizing quantity for the monopolist, express it graphically
9. What is the deadweight loss of the monopolist?
10. How much above marginal cost is the price of the monopolist?

Capturing surplus (price discrimination)

11. What are the three types of price discrimination, how do they work, and what conditions are required to be able to price discriminate?

Game theory

12. Basics: Payoff, strategies, payoff matrix, dominant strategy
13. Find Nash equilibrium in simultaneous game (note that there can be none, one, more than one)
14. Prisoner's dilemma, possible Pareto inefficiency of Nash equilibrium
15. Sequential game – write game tree, find equilibrium, understand value of commitment