

The final exam will be cumulative with emphasis on the material we covered since the last test, i.e. chapters 14, 15 and 17.

Note: Questions will focus on but not be limited to the following list of concepts. When studying, be sure to be able to define a concept or principle, explain it, give an example and graph carefully when appropriate.

1. Definition and characteristics of competitive markets: $P=MR=AR$
2. Total Revenue, Average Revenue, Marginal Revenue (definitions and formulas)
3. Profit Maximizing Condition: $MR=MC$
4. Competitive Firms Shut Down Condition and Exit Condition
5. Competitive Firms SR and LR supply curves
6. Competitive Market SR and LR supply curves
7. Sunk costs
8. Economic profit for competitive firms: SR vs LR (reason for zero economic profit in LR)
9. Monopoly: definition, characteristics, examples
10. 3 causes of monopoly forming barriers to entry: monopoly resources, government regulation, the production process (natural monopoly)
11. Horizontal demand curve faced by competitive firm vs downward sloping demand curve faced by monopolist
12. Monopolist's profit maximizing decision and profit: $MC=MR<P$ and its implications for efficiency (deadweight loss)
13. Reasons why $MR<P$ for monopoly
14. Price Discrimination: definition and examples
15. Public policy towards monopolies: Antitrust Laws, Regulation, Public Ownership, Doing Nothing
16. Oligopoly: definition and examples
17. Collusion and cartel
18. Game theory: strategic thinking, Prisoner's Dilemma, Dominant Strategy, Nash Equilibrium
19. Implications of Prisoner's Dilemma: oligopoly, arms race, common resources
20. Tit-for-tat strategy
21. Public policies towards oligopolies