

1 Final Review Topics:

The final will be a comprehensive final. About half of the emphasis of the final will come from the last third of the course plus topics. The rest will come from topics covered before the second midterm. Anything from the first two review sheets (from midterm 1 and from midterm 2) may be on the final as well. In addition, I will list topics not on the two midterm review sheets which also may appear. Mostly, these will be topics since the second midterm but they will also include a couple of topics from before the second midterm which were not on either of the midterm review sheets (mainly the Slutsky Decomposition).

In studying, focus most on lecture notes, exams, and homeworks. You will not be tested on topics which were not discussed in class. The exam will look a lot like the midterms but it will be longer. It will contain a mixture of short answers, mathematical problems, and short essay questions. There will be a greater emphasis on knowing graphs as graphs have been more important in the last section of the course.

2 Topic List:

(A.) Demand Theory:

— Terms: Hicksian Demand Curve, Expenditure Minimization, Net Substitutes, Net Complements, Gross Substitutes, Gross Complements, Slutsky Decomposition, Own Price Effects, Cross Price Effects

— Graphs: Demonstrate the impact of a price change on consumption for a consumer (both own price and cross-price effects in both the substitutes and complements cases).

— Problems: Solve for own price effects and cross price effects, Solve expenditure minimization problems including deriving Hicksian Demand, Verify that the Slutsky equation holds

(B.) Short and Long Run Supply:

— Terms: Long Run Supply Curve, Short Run Supply Curve, Fixed Cost, Variable Cost

— Graphs: Short Run Supply Curve, Long Run Supply Curve

— Problems: Solve for the Short Run Supply Curve, Solve for the Long Run Supply Curve

(C.) Partial Equilibrium

— Terms: Market Aggregation, Industry Supply Curve, Market Demand Curve, Partial Equilibrium, Consumer Surplus, Producer Surplus, Discontinuity in Demand or Supply, Non-Market Clearing, Multiple Equilibria, Per Unit Tax, Ad Valorem Tax, Price Floor, Price Ceiling, Quota

— Graphs: Show supply, demand, consumer and producer surplus, Show Impact of Tax Policy, Price Floors, Price Ceilings and Quotas, Demonstrate Multiple Equilibria and Non-Existence of Equilibria, Show how policy impacts price, quantity and surplus when demand and supply are more and less elastic

— Problems: Solve for consumer price, producer price, quantities, consumer surplus, producer surplus without policy and with policy (taxes, price floors, price ceilings and quotas), Derive how policy impacts price, quantity and surplus when demand and supply are more and less elastic

(D.) Imperfect Competition

— Terms: Imperfect Competition, Monopoly, Monopsony, Oligopoly, Markup, Markdown

— Graphs: Show price and quantity setting with a monopolist and monopsonist, show differences with competitive case and impacts on consumer and producer surplus

— Problems: Solve monopoly and monopsony profit-maximizing choices of prices and quantities