Chapters covered in final exam: Chapter 1,2,3,4,5,6,8,10,11,12,13,14,15.

Types of questions in final exam:

Section 1: essay question (20 marks, questions are given in the last page); Section 2: multiple choice (40 marks); Section 3: Problem solving: 40 marks, choose any 4 out of 6 (if more than 4 questions are answered, only first 4 will be marked).

Chapter 1& 2

Definitions of scarcity, incentive, opportunity cost, production possibility frontier.

Calculation of opportunity cost; why opportunity cost increases as we move down possibility frontier.

Chapter 3 Supply and Demand

Factors shift demand curve (income, price of related goods, preference, etc); factors shift supply curve (technology, price of inputs, weather, etc);

Factor that create movement along demand and/or supply curve: price change.

Calculation of equilibrium market price and quantity.

Chapter 4 Elasticity

Definition and calculation of price (income, cross) elasticity of demand, price elasticity of supply.

Chapter 5 & 6 Market, Efficiency and Government Actions.

Definition and graphical representation of price ceiling, price floor, production quota, consumer surplus, producer surplus.

Chapter 8 Utility and Demand

Using marginal analysis to calculate consumer equilibrium (see midterm question in section 2).

Chapter 10 &11

Difference between accounting profits and economic profits; Definition and calculation of four firm concentration ratio.

Calculations of output and costs (see question in Midterm section 2). Graphical representation of output and cost; difference between short run and long run.

Chapter 12 – 14

A comparison of three market structures (in terms of demand curves, MR, profit maximizing outputs, efficiency, long run); shut down point, breakeven point, etc.

Chapter 15 Oligopoly

Definition of oligopolistic structure, comparison with other market structures, Nash equilibrium.

Prisoner dilemma type of games with a dominant strategy: using payoff matrix to find equilibrium.

**ECON 211: TOPICS FOR FINAL EXAM (FALL 2014)**

One of the following essay questions will be on your final exam (Note that you are required to prepare all three questions. At the time of the exam, one question chosen by instructor will be asked). Confine your answer to approximately 400 words for each question. The essays will be marked on the basis of relevancy to the topic and for theoretical accuracy.

1. Discuss the meaning and importance of the concept of elasticity in microeconomic reasoning. Be specific, and provide an example.
2. Choose any two of the market structures found in market-based economies, and compare them, in terms of characteristics and efficient use of resources. Of the two markets you have analyzed, which market is the best for society, and why?
3. “The concept of opportunity cost is central to the decision making process.” Explain what this statement means. Explain the importance of opportunity cost by providing examples of decisions made by: individuals; and businesses;