Intermediate Microeconomics Outline III: Chapters 10-13

10. General Equilibrium and Economic Welfare
   • The Edgeworth Box: Preferences and Endowments
   • Mutually Beneficial Trades and Optimal Trades
   • Budgets and the Edgeworth Box
   • Pareto Optimality: No one can be made better off without someone being made worse off.
   • Consumption Efficiency (Contract Curve): For each pair of goods, the $MRS$ is the same for all consumers.
   • Production Efficiency: For each pair of inputs, the $MRTS$ is the same for all firms.
   • Product-Mix Efficiency: For each pair of goods, the $MRT$ for any firm is the same as the $MRS$ for any consumer.
   • Competitive Equilibrium is Pareto Optimal.

11. Monopoly
   • Monopoly: One seller, no entry, no close substitutes
   • Marginal Revenue: $MR = p \times (1 - 1/|\varepsilon_D|) < p$
   • Marginal Revenue with Linear Demand: Same vertical intercept, twice the slope. I.e., if $p = a - bq$, $MR = a - 2bq$
   • Profit Maximization: $MR = MC$
   • Deadweight Loss due to Monopoly
   • Possibility of Long-run Profits
   • Deadweight Loss due to Monopoly
   • Regulation: Effect of Price Ceilings

12. Pricing and Advertising
   • Preventing Resale
   • Perfect Price Discrimination
   • Price Discrimination: Quantity Discounts
   • Price Discrimination: Multimarket Pricing (Segmented Markets) $p_i/p_j = (1 + 1/\varepsilon_j)/(1 + 1/\varepsilon_i)$ where $\varepsilon$ is the signed elasticity of demand
   • Price Discrimination: Two-part Pricing
   • Price Discrimination: Bundling

13. Oligopoly and Monopolistic Competition
   • Oligopoly: Few sellers of identical or differentiated products. Esp. duopoly, 2 sellers.
   • Cartels
   • Cournot Competition
   • Stackelberg Competition
   • Bertrand Competition
   • Monopolistic Competition