

Micro Unit 3 Visuals

Tuesday, October 01, 2013
10:50 AM

UNIT 3 Microeconomics VISUAL 3.1

Different Types of Market Structures

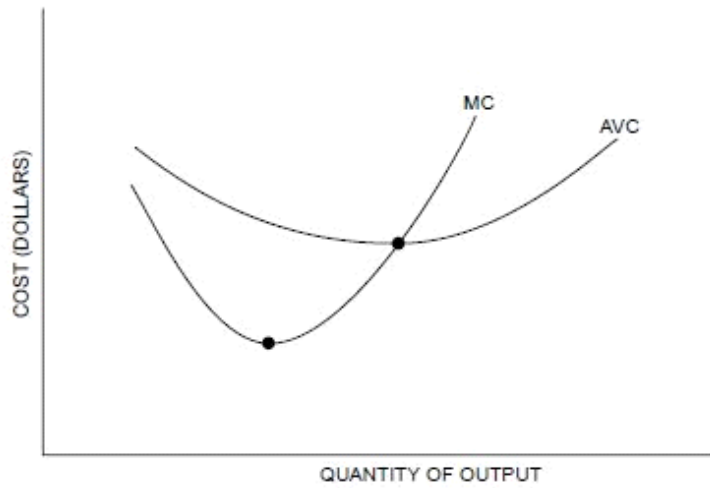
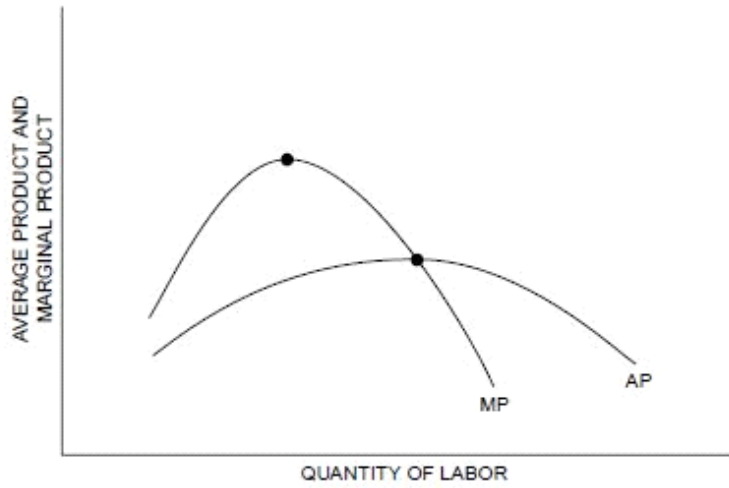
Characteristics

Market Structure	Number of Firms	Differentiated or Homogeneous Product	Ease of Entry
Perfect Competition	<i>Very many</i>	<i>H</i>	<i>Very easy</i>
Monopolistic Competition	<i>Many</i>	<i>D</i>	<i>Relatively easy</i>
Oligopoly	<i>Few</i>	<i>H/D</i>	<i>Not easy</i>
Monopoly	<i>One</i>	<i>Only product of its kind (no close substitute)</i>	<i>Impossible</i>

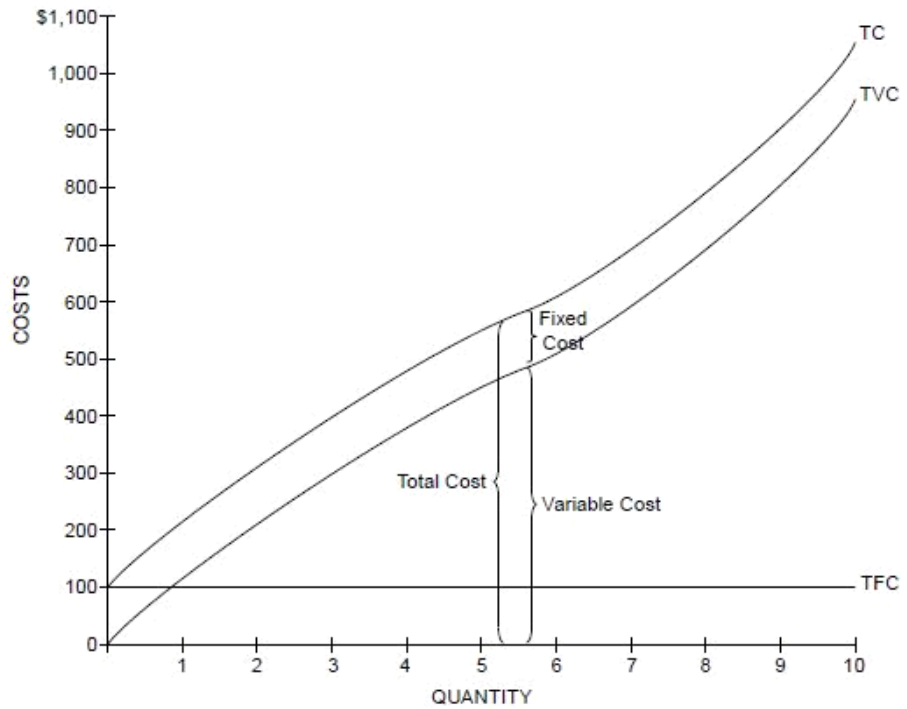
Results

Market Structure	Price-Setting Power	Nonprice Competition	Allocative and Productive Efficiency	Long-Run Profits	Examples
Perfect Competition	<i>Nil (price taker)</i>	<i>None</i>	<i>Highly efficient</i>	<i>0</i>	<i>Doesn't exist; agriculture close</i>
Monopolistic Competition	<i>Somewhat</i>	<i>Considerable</i>	<i>Less efficient than PC</i>	<i>0</i>	<i>Fast food, retail stores, cosmetics</i>
Oligopoly	<i>Limited</i>	<i>Considerable for a differentiated oligopoly</i>	<i>Less efficient than PC</i>	<i>Positive</i>	<i>Cars, steel, soft drinks, cereals, computers</i>
Monopoly	<i>Absolute (price maker)</i>	<i>Somewhat</i>	<i>Inefficient</i>	<i>High</i>	<i>Small-town newspaper, rural gas station</i>

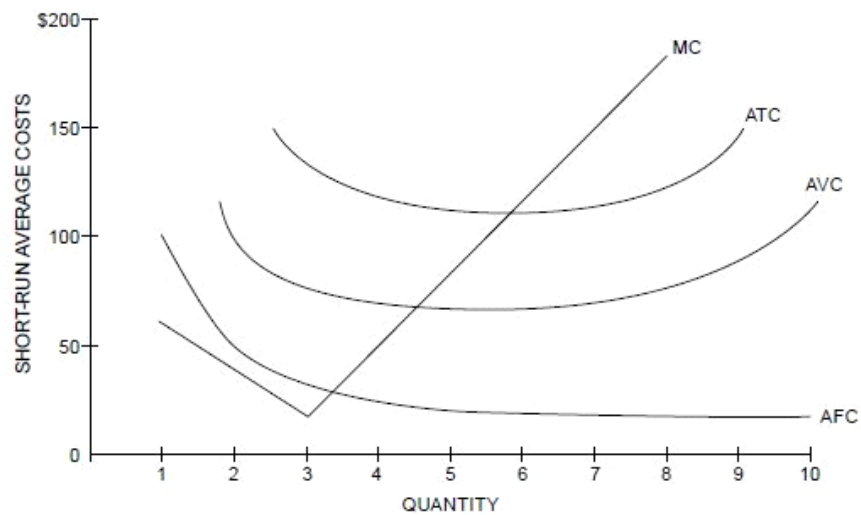
Marginal Product and Marginal Cost



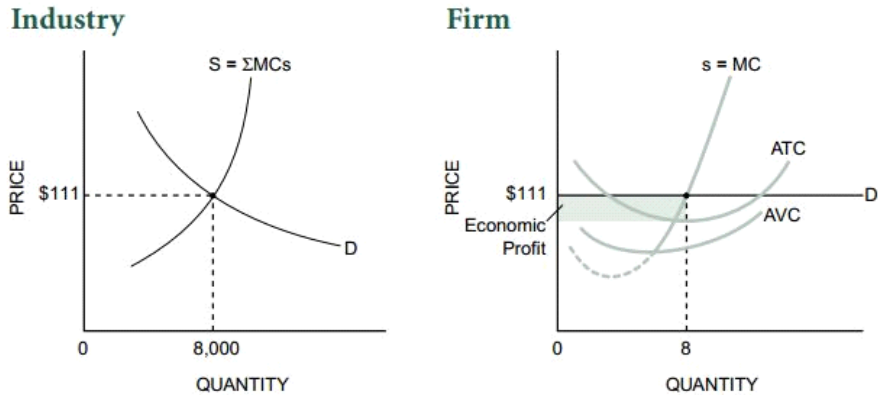
Total Fixed, Total Variable, and Total Costs



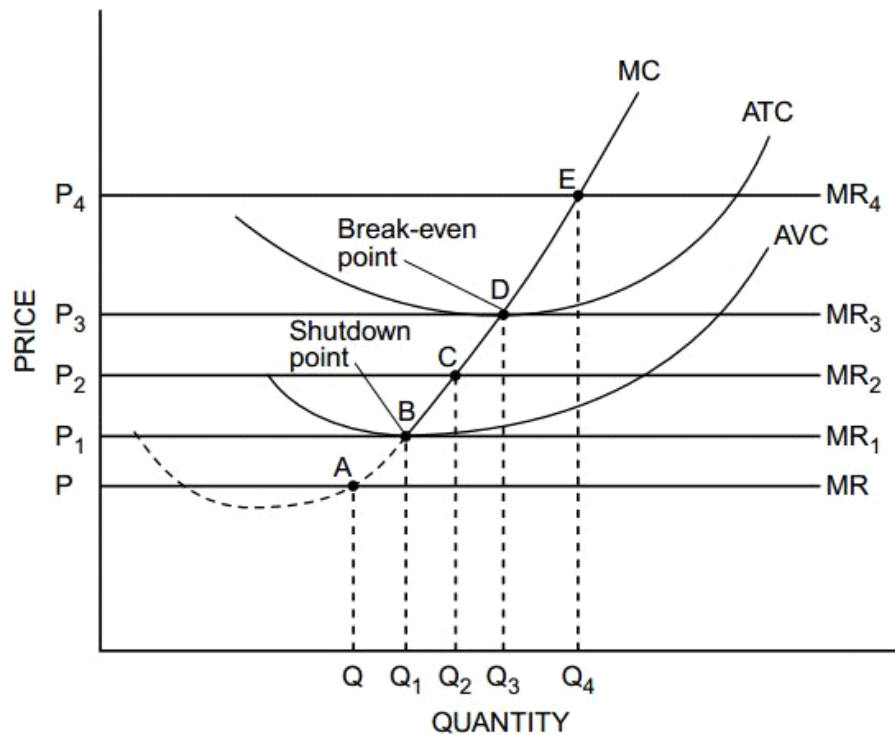
Average Fixed, Average Variable and Average Costs



The Perfectly Competitive Firm and Industry in Short-Run Equilibrium

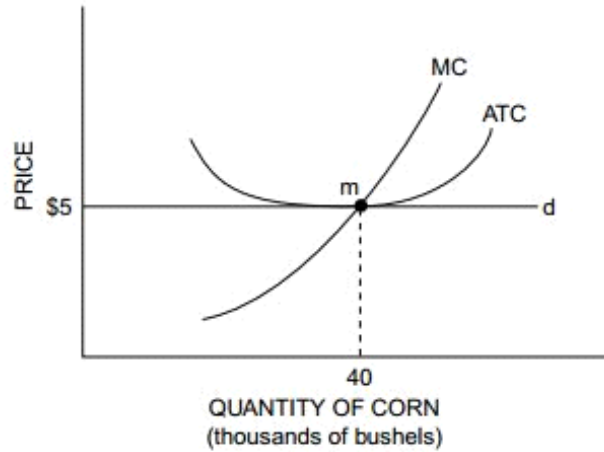


Profit, Loss and Shutdown

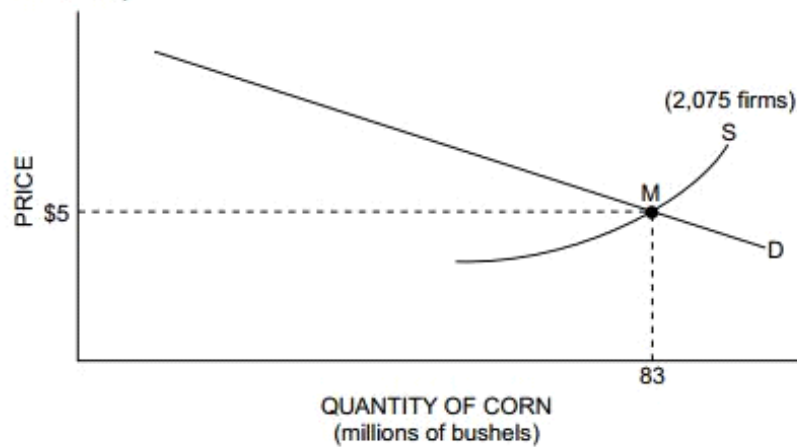


The Perfectly Competitive Firm in Long-Run Equilibrium

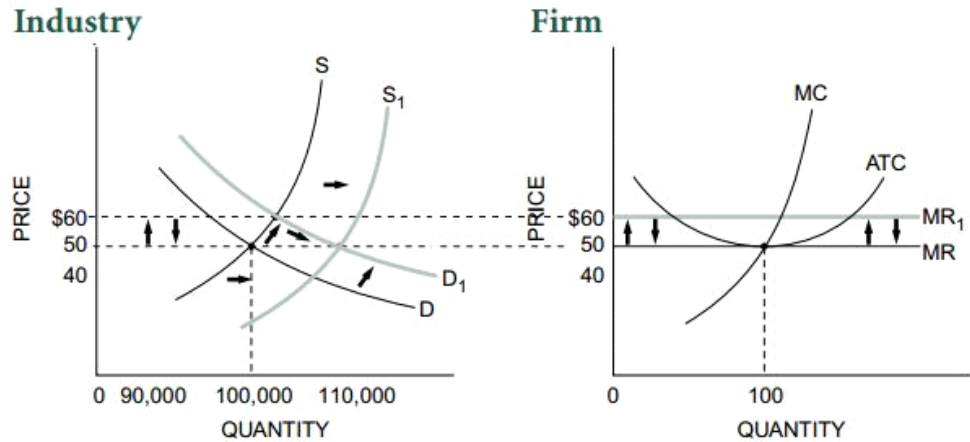
Firm



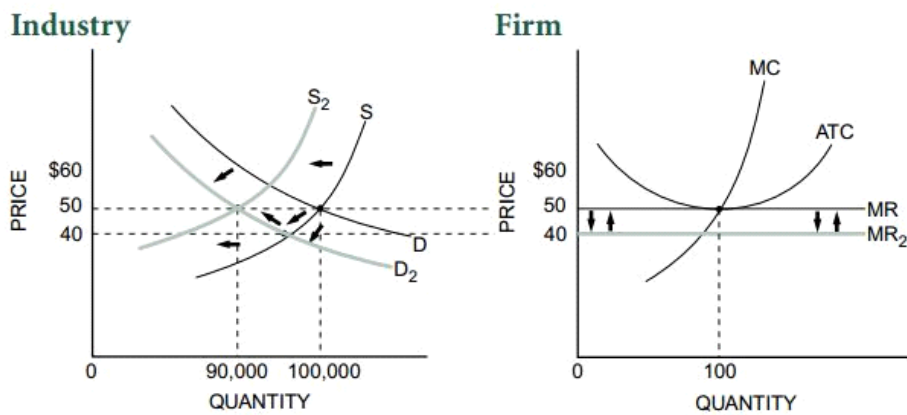
Industry



How an Increase in Demand Changes Long-Run Equilibrium for the Firm and Industry

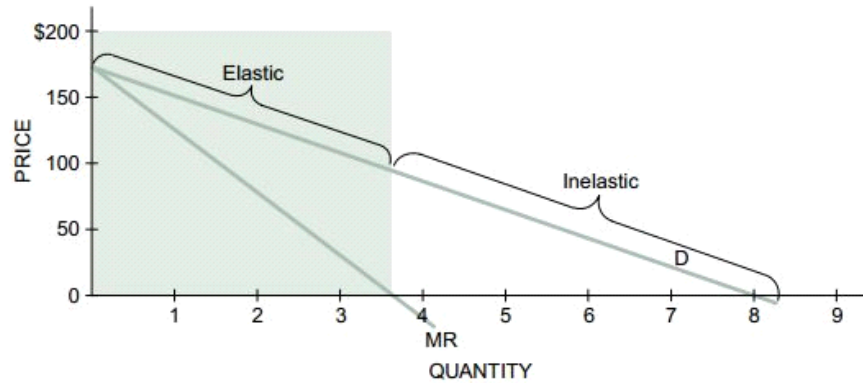


How a Decrease in Demand Changes Long-Run Equilibrium for the Firm and Industry

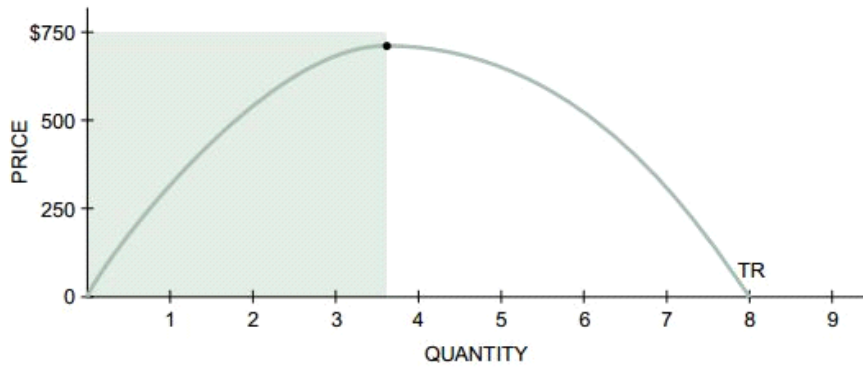


Price and Marginal Revenue for a Monopolist

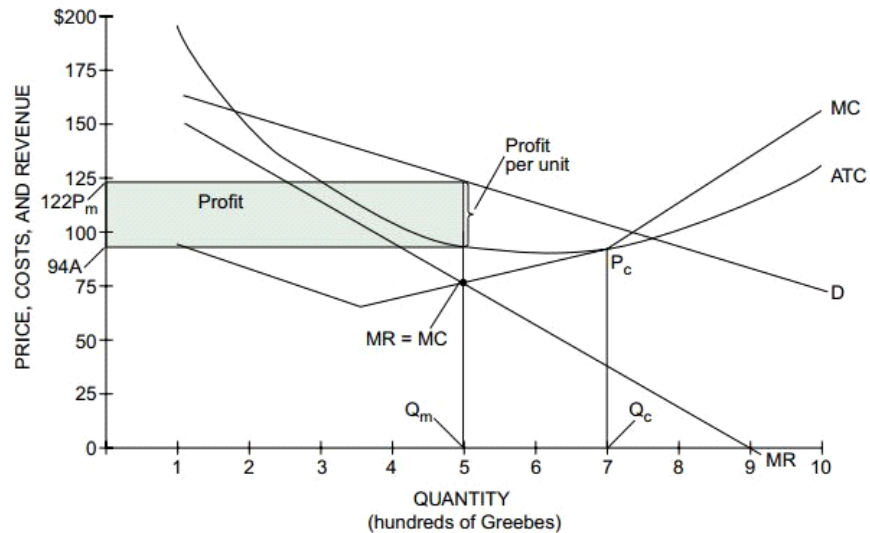
Demand and Marginal Revenue Curves



Total Revenue Curve

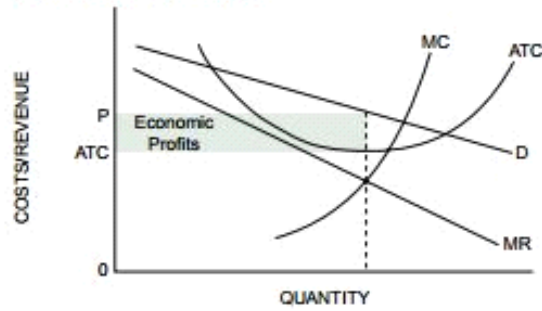


The Profit-Maximizing Position of a Monopoly

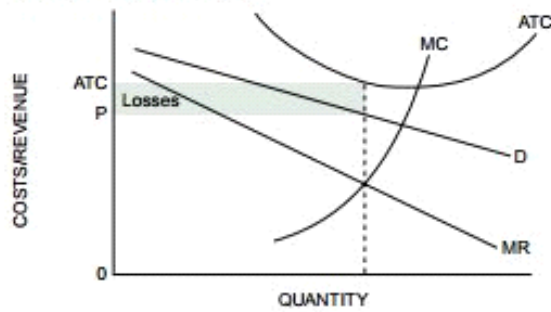


Short-Run and Long-Run Equilibrium for a Monopolistic Competitor

Short-Run Profits



Short-Run Losses



Long-Run Equilibrium

