

Review Sheet

Market Structure

DIRECTIONS

This is a list of all of the major concepts from each lesson plan, which is designed to help you study for the upcoming test. Use your notes and other activities to help you fill in information under the headings below.

1) PERFECT COMPETITION

Characteristics

Short run vs. long run

Examples

Individual vs. industry supply curve

2) BUSINESS COSTS

Law of diminishing returns to an input

The graphs of ATC and MC

Fixed costs vs. variable costs

Difference between short run and long run ATC

How to calculate TC, AFC, AVC, ATC, and MC

3) REVENUE AND PROFIT

How to calculate revenue, MR, and profit

What causes a firm to shut down in the short run

Optimal output rule

What causes a firm to shut down in the long run

How to determine a profit or loss on a graph

4) THE BASICS OF MONOPOLY

Characteristics

Examples

Types of monopolies

How monopolies are inefficient

Regulation and prevention of monopolies

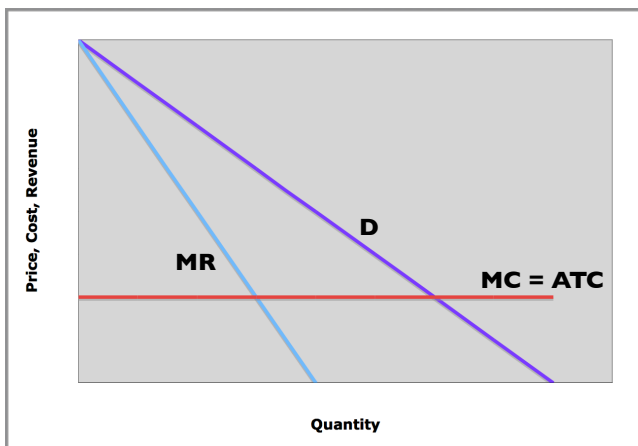
5) THE LOGIC OF MONOPOLY

How a deadweight loss is created

Differences with perfect competition

Price discrimination

Reading a graph of a monopolistic market



6) OLIGOPOLY

Characteristics

Examples

The payoff matrix and the behavior of oligopolists

Cournot behavior and Bertrand behavior

Cartels

Kinked Demand Curve

7) MONOPOLISTIC COMPETITION

Characteristics

Examples

What happens if a firm goes out of business

How products can be differentiated

The importance of advertising

The importance of branding