

3 types of business

Business decisions

How many inputs to employ basis

Average product

Marginal product

Diminishing marginal returns

How much to produce

Average cost

Marginal cost

Fixed cost

Average total cost = average fixed + average variable

Cost curve graph – identify all curves

Long run vs. short run

Long and short run average total cost curves – reasons for shape

Economies and Diseconomies of Scale

Minimum efficient scale

Supply rule graphic and interpretive

Positive economic profit

Zero economic profit

Negative economic profit

Characteristics of Market Structure

Demand curves of firms in each market structure

Economic profit vs. Accounting Profit

Shut down and break-even prices

Consumer and producer surplus maximization

Characteristics of respective market structures

Perfect Competition

Entry and exit

reasons

Pricing decision basis

Equilibrium

Monopoly

Characteristics

types

Supply curve depiction

Graphic depiction:

Producer

Consumer

Deadweight loss graphic and definition

Profit/loss

Barriers to market entry

Price discrimination