**CHAPTER 10: Monopoly and Monopsony**

**Checklist**

Can you do the following regarding **monopolies and monopsonies**?

* Define Monopoly
* Define Monopsony
* Define market power
* Define a multiplant firm
* Define monopoly power
* What factors determine a firm’s elastic demand?
* How is monopoly power tested?
* Define pure monopoly
* What is the social cost of monopoly power
* Define rent-seeking
* Define natural monopoly
* Define an oligopsony
* What are the sources of monopsony power

**CHAPTER 10: Monopoly and Monopsony**

**Monopoly average revenue and marginal revenue**



|  |
| --- |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |

**CHAPTER 10: Monopoly and Monopsony**

**Monopoly average revenue and marginal revenue**



|  |
| --- |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |

**CHAPTER 10: Monopoly and Monopsony**

**Monopoly: Output decision**



|  |
| --- |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |

**CHAPTER 10: Monopoly and Monopsony**

**Example of profit maximization**



|  |
| --- |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |

**CHAPTER 10: Monopoly and Monopsony**

**Shifts in demand**



|  |
| --- |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |

**CHAPTER 10: Monopoly and Monopsony**

**Effect of excise tax on monopolist**



|  |
| --- |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |

**CHAPTER 10: Monopoly and Monopsony**

**The multiplant firm**



|  |
| --- |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |

**CHAPTER 10: Monopoly and Monopsony**

**Deadweight loss from monopoly power**



|  |
| --- |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |

**CHAPTER 10: Monopoly and Monopsony**

**Price regulation**



|  |
| --- |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |

**CHAPTER 10: Monopoly and Monopsony**

**Regulating the price of a natural monopoly**



|  |
| --- |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |

**CHAPTER 10: Monopoly and Monopsony**

**Competitive buyer compared to competitive seller**



|  |
| --- |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |

**CHAPTER 10: Monopoly and Monopsony**

**Monopsonist buyer**



|  |
| --- |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |

**CHAPTER 10: Monopoly and Monopsony**

**Monopoly and Monopsony**



|  |
| --- |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |