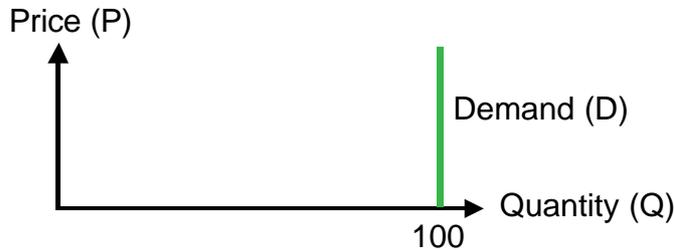


Market Structure (Cost)

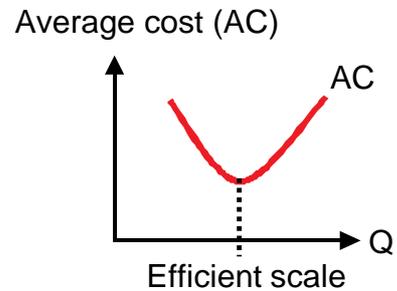
See also: Samuelson/Nordhaus: Economics, 18th ed., p. 171

1 Assumptions

11 Market demand = 100

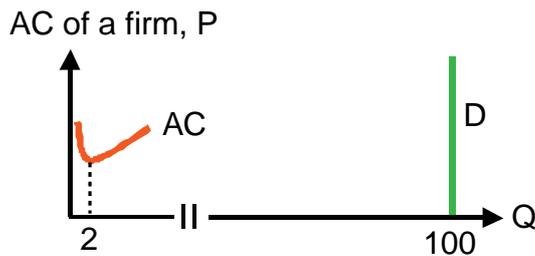


12 Average cost curve of a firm
 ➔ U-shaped



2 Average cost, demand and market structure

21 Efficient scale of a firm ➔ only a small part of the market demand

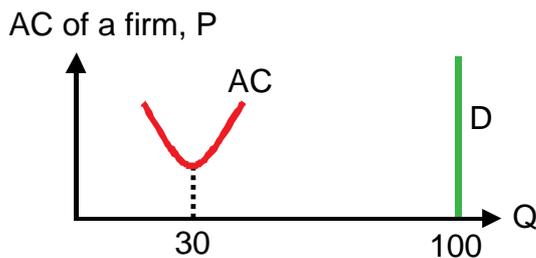


Market structure

Competition

(many firms selling altogether the quantity 'market demand' of 100)

22 Efficient scale of a firm ➔ a substantial part of the market demand

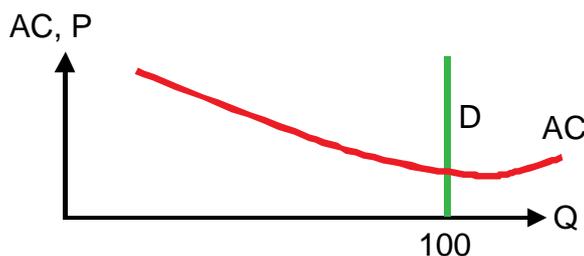


Market structure

Oligopoly

(few firms selling altogether the quantity 'market demand' of 100)

21 Efficient scale of a firm ➔ the whole market demand



Market structure

Monopoly

(one firm selling the quantity 'market demand' of 100)