

ECO 2023 – PRINCIPLES OF MICROECONOMICS
CHAPTER LEARNING OBJECTIVES

CHAPTER 9
MONOPOLY

The Micro Economy Today, 11th edition by Bradley R. Schiller

As you read through Chapter 9 of the assigned textbook, use these objectives as a guide for note taking. Yes, I really expect you to read this chapter! Yes, I really expect you to take notes on what you are reading about within this chapter! That's how you LEARN new subject material! Provide an "answer" to each of the learning objectives listed below, and then cross-reference this list with the in-class lecture notes that you've taken on this chapter. Of course there will be some overlap in the coverage of topics! If it's important for you to know after reading this chapter, then it's on the list below. Remember, I use the lecture period to highlight super-important concepts and to relate them to current events. You HAVE TO read along in the textbook if you want to acquire all of the information you will need for testing purposes!

After a careful reading of Chapter 9, the student is expected to be able to:

- (1) Define the term *market power*.
- (2) Describe the demand curve for a product produced by a monopoly firm.
- (3) Define the term *monopoly*.
- (4) Define the profit maximization rule.
- (5) Discuss the relationship between marginal revenue and the market price of a product produced by a monopoly firm.
- (6) Compute marginal revenue (MR) for a monopoly firm, given the necessary data.
- (7) Analyze the application of the profit maximization rule for a monopoly firm on a graph (see Figure 9.3 in the text).
- (8) Define the term *barriers to entry*.
- (9) Discuss how productivity advances in a competitive market compare to what we see in a monopoly market.
- (10) Discuss how the mix of output produced in a competitive market compares to what we see in a monopoly market.
- (11) Understand the limits to the monopoly firm's use of its market power.

- (12) Define the term *price discrimination*.
- (13) Explain the role played by price elasticity of demand in the monopoly firm's use of a price discrimination strategy.
- (14) Discuss several types of entry barriers that are observed in monopoly markets.
- (15) Discuss how research and development may justify the existence of monopoly firms.
- (16) Discuss how entrepreneurial incentives may justify the existence of monopoly firms.
- (17) Discuss how economies of scale may justify the existence of monopoly firms.
- (18) Define the term *natural monopoly*.
- (19) Define the term *contestable market*.
- (20) Discuss how contestable markets may justify the existence of monopoly firms.
- (21) Discuss the Microsoft anti-trust case.
- (22) Discuss the AT&T anti-trust case.
- (23) Understand the basic provisions of America's major anti-trust laws, as presented in Table 9.1 on page 202 of the text.