Notes on Chapter 10 and 11

Market Structure:

Market structure is the economic environment in which a firm operates. In this course we shall discuss four different market structures. Namely, Perfect Competition, Monopoly, Monopolistic Competition and Oligopoly. Perfect Competition and Monopoly are the two extremes. Monopolistic Competition and Oligopoly lie somewhere in between. Unlike the book, we shall discuss Perfect Competition first. We shall also move back and forth between chapter 10 and 11 to complete the discussion of one specific market structure before beginning the other.

Perfect Competition: In the book, the discussion on Perfect Competition begins from page 245 and continues up to page 248. The discussion then is continued in chapter 11 from pp. 261 to pp. 270. In class, we slightly deviated from the book. Your class notes should get precedence over the book in this matter. Please look at the handout that I made available through the web.

Monopoly: For Monopoly, read the book in the following sequence. First read pp. 235 to 239 in Chapter 10 and then read pp. 255 to 258 in chapter 11. Once again, concentrate more on the lecture and lecture notes.

Monopolistic Competition: For Monopolistic Competition, read the book in the following sequence. First read pp. 239 to 245 in Chapter 10 and then read pp. 258 to 261 in chapter 11. Once again, concentrate more on the lecture and lecture notes.