

Economics: Unit 3 PowerPoint Presentations

Topic	Book Pages
1. Labor and output <ul style="list-style-type: none">• Output and the marginal product of labor• Increasing, diminishing, and negative marginal returns• Fixed, variable, and total costs	108-111
2. Production costs and setting output <ul style="list-style-type: none">• Marginal cost and how to calculate it• Setting output: explanation and graph showing why profits are maximized where marginal cost equals marginal revenue	111 to 113
3. Perfect competition basics <ul style="list-style-type: none">• Definition, characteristics (conditions), and barriers to entry• 3 close real-world examples of perfect competition and where they fail as being “perfectly” competitive• Difference between economic profit and accounting profit.	151 to 153
4. Perfect competition graph <ul style="list-style-type: none">• Setting price and output where $MC = MR$• Graphical of short run graph showing economic profit• Long run graph with explanation of “normal profits”	153 to 154
5. Monopoly basics <ul style="list-style-type: none">• Definition of monopoly and closest examples• Economies of scale, natural monopolies, and technology and change	156-158
6. Monopoly creation and price discrimination <ul style="list-style-type: none">• Government monopolies—types and explanations• Price discrimination—types and explanations	159 - 160; 163 - 164
7. Monopoly graph <ul style="list-style-type: none">• Output decisions: monopolist’s dilemma and falling MR• Explanation of the monopoly graph—how to set Q and P, and how to calculate profits	160 to 163
8. Monopolistic competition basics <ul style="list-style-type: none">• Definition and conditions of monopolistic competition• Closest examples (at least 4 examples with explanation)• Nonprice competition—explains ways firms compete in ways other than changing their prices	166 to 168
9. Monopolistic competition graph <ul style="list-style-type: none">• Price, output, and profits	168 to 169

- Graphical explanation of profits in short run
- Explain the difference between monopolistic competition graph and the monopoly graph
- Graphical explanation of profits in the long run

10. Oligopoly

169 to 174

- Definition, characteristics, closest examples
- Tacit collusion; explicit collusion and cartels
 - Real world examples of explicit collusion and cartels
- Brief explanation and examples of antitrust laws

General presentation guidelines:

- Include a title page with all group member names.
- All presentations should cite the book and at least one other Internet based reference (using a separate reference slide). For many of the topics, the book will not provide enough information to properly complete the assignment.
- The number of slides required is open—use as many as needed to properly cover the material.
- Use clear and concise language to explain the material.
 - Less is more! Your verbal explanations should contain much more information than the text in the presentation.
 - Animate the text line by line or by subtopic—avoid presenting all the text on a slide at once.
 - Break up longer subtopics into multiple slides. In general, it is easier to use more slides than fewer, especially when images or graphs are involved.
- Use many appropriate images and sounds to engage the audience and bring more meaning to your explanations and examples whenever possible. If you can't find any images that will improve your slides, try harder.
- All text and images should be animated. Graphs should be drawn into the presentation and animated.
- All group members should have speaking roles in explaining the topics during the presentation, and no one student should overwhelmingly dominate the presentation.
- Group members should engage the audience and regularly make eye contact with them. Avoid simply reading from the screen or from any notes you may be using.
- Group members should know their specific area of expertise well enough to be able to answer follow-up questions after the presentation.
- Ideally, presentations should last from 5 to 7 minutes (not including follow-up questions).

Additional notes

Topic (Group)

1. You will need to do more than simply state what increasing marginal returns and diminishing marginal returns are. You will need to explain the concepts a graph or chart. Be sure to give examples with pictures of fixed costs and variable costs. Explain that total cost is the sum of fixed and variable costs. Note that as production rises, variable costs will rise but fixed costs will generally remain constant.
2. Show how to calculate MC and make sure you note that MC in general will rise as production rises. Reference Group 1's work on diminishing marginal returns to help in your explanation of why MC rises.

You will need to briefly explain what marginal revenue is before showing why profits are maximized where MC equals MR. Use a chart *and* a graph to show why profits will be maximized at this point.
3. Be thorough in your discussion of what qualifies a market as perfectly competitive. You should probably mention afterward that there is no true perfectly competitive market in this world. When going over your examples, then, you should note how they don't perfectly fit into the definition of perfect competition and are therefore only close examples.

For the difference between accounting and economic profit, you can mention that accounting profit is what most people normally think of as just profit, that is the total revenue of a business minus the total cost. Economic profit, though, subtracts from that accounting profit the opportunity cost of doing business—in other words, it subtracts the profit that they could have made in a different industry. Economic profit can be either positive (meaning the firm is making more in accounting profits than other industries) or negative (meaning the firms is earning less than it could in other industries).
4. You will need to show and explain both the short-run and long-run graphs of perfect competition. Before graphing, it will be helpful to review a few terms, such MC, MR, and AC. Using a chart with numbers may also help before you transition to your graph. You will have to remind students that profits are maximized when $MC=MR$. Mention to them that the profits you show in your graph are economic profits and explain how that will affect the short-run graph given that there is free entry and exit in this market structure. Basically, firms will enter the market if there are economic profits to be made, and exit if there is an economic loss. This explanation will help you lead into your long run graph of perfect competition

showing “normal profit.” Be sure to explain what earning normal profit means. A good source for perfect competition graphs and explanations is:
http://www.economicsonline.co.uk/Business_economics/Perfect_competition.html

5. When going over the examples of monopoly, you should mention some companies that are often considered monopolies are not pure monopolies but near monopolies. When some companies account for around 90% of all market sales, for example, they are often called monopolies.
For economies of scale, you will need to include a graph of average total cost (AC or ATC) with your explanation. You will need to reference that graph or show it again when you explain natural monopolies.
6. When talking about government created monopolies and giving examples, you should also include the rationale behind the government allowing those firms to operate as monopolies. For patents, include the rationale for allowing only one firm to produce its patented product for a number of years.
For price discrimination, be sure to include good, relatable examples and plenty of images.
7. Include that the monopolist sees the entire D curve, not just a piece of it as firms in other market structures do. Also explain why MR slopes downward and is below the D curve. Take your time explaining how to calculate profits on the monopolist graph. You will need to review that profits are maximized at the output where $MC = MR$. A good source for an explanation of a monopoly graph is:
http://www.economicsonline.co.uk/Business_economics/Monopoly.html
Your graph(s) should include numbers for price, average cost, and output (quantity). This way, you and the students will be able to calculate profits from your graph(s).
8. You should take your time in defining and giving examples of monopolistic competition. Be sure to note the differences between monopolistic competition and perfect competition. For nonprice competition, make sure you include many real world examples and images to accompany them.
9. You should explain the difference between the demand curves of a monopolist and a monopolistic competitor. With a monopolist, the demand curve is the entire market, but with a monopolistic competitor the demand curve is only a small piece of the entire market. The actual graph for the monopolistic competitor will look exactly the same as the monopolist graph, so explaining it originally should go a little faster as it will be reviewed at this point. You will need to take your time, though, explaining the difference between the short run and the long run graph for monopolistic competition. Remember that the graph shows economic profit, not

accounting profit, and different competitors can freely enter or exit the market as they see fit. You can reference Group 4's work (perfect competition graph) in this area since the concept of transitioning from short run to long run is the same. A good source for monopolistic competition graphs and explanations is:
http://economicsonline.co.uk/Business_economics/Monopolistic_competition.html

- 10.** There are many examples of oligopolistic markets. Choose what you think are the most interesting and explain why they are considered oligopolistic. This means you must focus on the market share (percentage of sales of the entire market) that each of the major firms have. You can look at the market for candy, breakfast cereal, carbonated soft drinks, or any others you find.

For collusion, be careful to explain the difference between the two forms, tacit and explicit. Tacit is perfectly legal; explicit is illegal. Give real world examples of each and include what some of the punishment has been for those caught explicitly colluding. (Recently, Apple has been accused of price fixing ebooks with a number of publishers. This would be a good modern example to bring in.) Note that when firms explicitly collude, they are believed have formed a cartel. Give examples of historical cartels.

For antitrust laws, you can go over some of the laws that are important here, such as the Sherman Antitrust Act. You do not need to go into great detail on the history—just a brief overview. Some of the more important antitrust cases will be helpful to bring up, such as the cases against Standard Oil, AT&T, Microsoft, and more recently, Apple.
