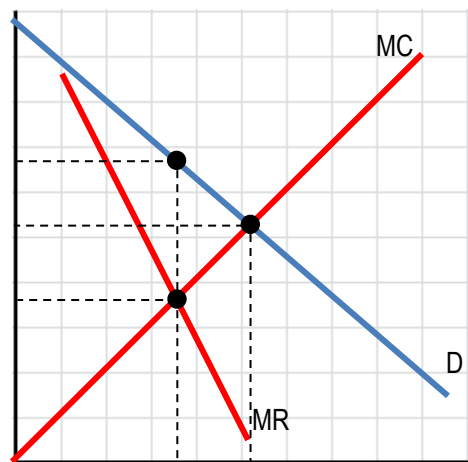


CONCEPT: EFFICIENCY AND DEADWEIGHT LOSS

- A monopoly produces _____ than the efficient quantity to increase its profit.
 - This underproduction causes a _____



	Perfect Competition	Monopoly	Change
Consumer Surplus			
Producer Surplus			
Total Surplus			
Deadweight Loss			

The effects a monopoly has on economic efficiency

- Quantity: The monopoly quantity is always _____ than the competitive quantity.
- Consumer Surplus: Monopoly causes a _____ in consumer surplus.
- Producer Surplus: Monopoly causes a _____ in producer surplus.
- Deadweight Loss: Monopoly causes a deadweight loss, which represents a loss of _____

□ **Productive Efficiency** – producing at the _____

- The lowest possible cost is _____



- Monopolies produce along the downward-sloping part of the ATC curve → _____ productive efficiency

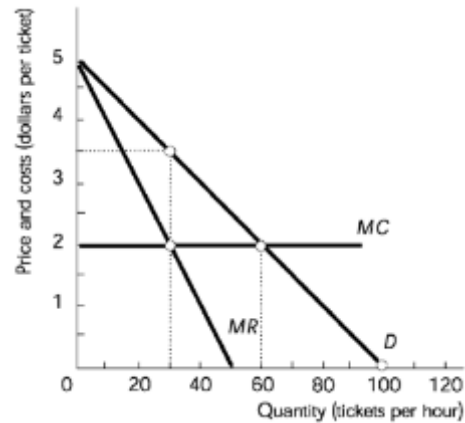
□ **Allocative Efficiency** – production represents _____



- Producing up to the point that the _____ = _____

- Monopolies produce less than the efficient quantity → _____ allocative efficiency

PRACTICE: Use this graph to answer the following questions:



An unregulated monopoly will sell:

- a) 30 tickets
- b) 50 tickets
- c) 60 tickets
- d) 100 tickets

If the monopolist's fixed cost is \$25, the monopoly's total costs when maximizing profit is:

- a) \$35
- b) \$45
- c) \$85
- d) \$145

If the monopolist's fixed cost is \$25, the monopoly's total economic profit when maximizing profit is:

- a) \$0
- b) \$20
- c) \$45
- d) The monopoly is incurring a loss

The deadweight loss created by the monopoly is:

- a) \$0
- b) \$22.50
- c) \$45
- d) \$90