

Profit = (Price - Marginal Cost) x Quantity

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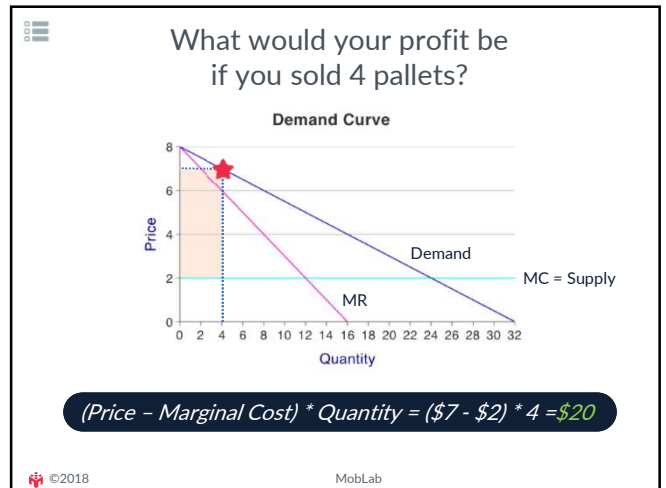
Press **Submit** to finalize your decision

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Pre-Game Survey

Monopoly

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What quantity maximizes profits?

Let's find out!

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Game Time!

Monopoly

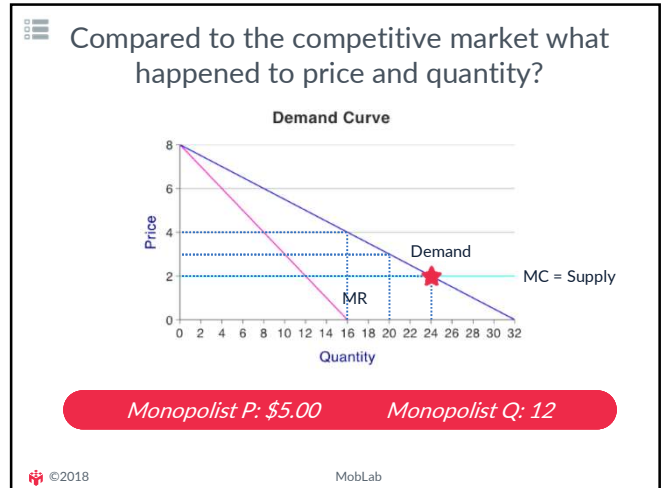
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Post-Game Survey  
Monopoly

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Compared to the competitive market what happened to price and quantity?



Demand Curve

Price

Quantity

Demand

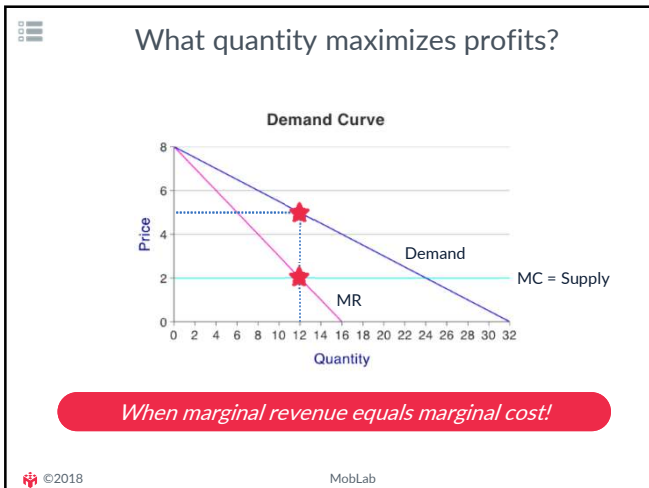
MR

MC = Supply

Monopolist P: \$5.00 Monopolist Q: 12

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What quantity maximizes profits?



Demand Curve

Price

Quantity

Demand

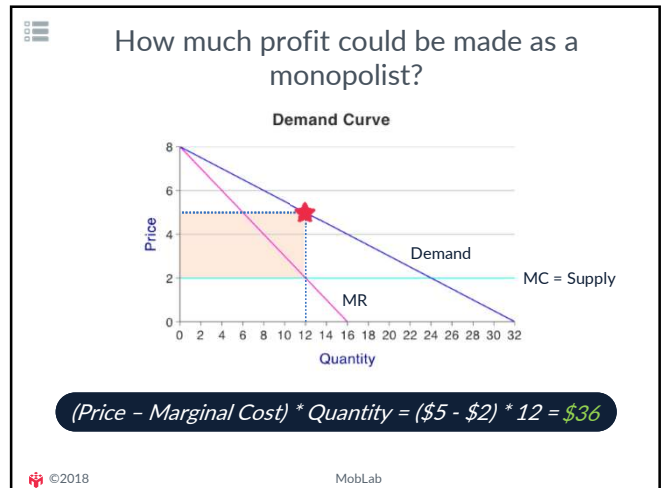
MR

MC = Supply

When marginal revenue equals marginal cost!

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How much profit could be made as a monopolist?



Demand Curve

Price

Quantity

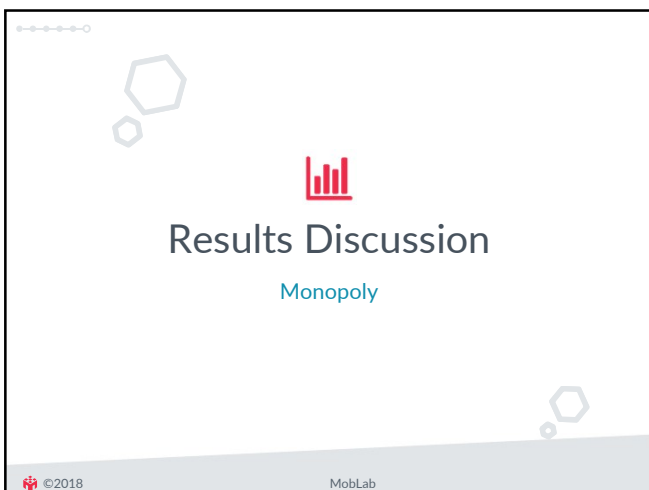
Demand

MR

MC = Supply

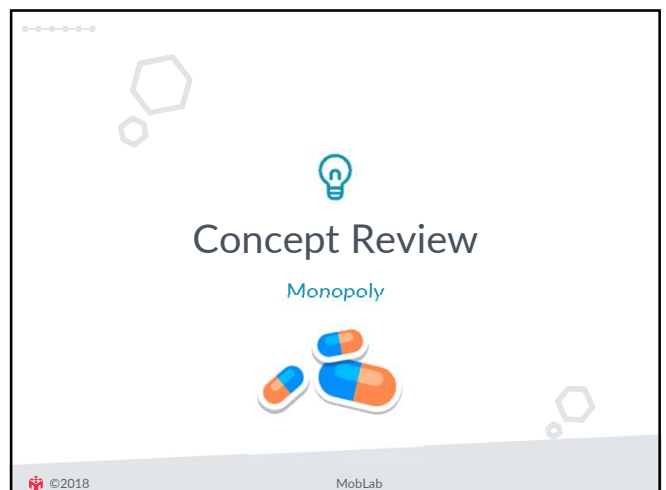
$(Price - Marginal Cost) * Quantity = (\$5 - \$2) * 12 = \$36$

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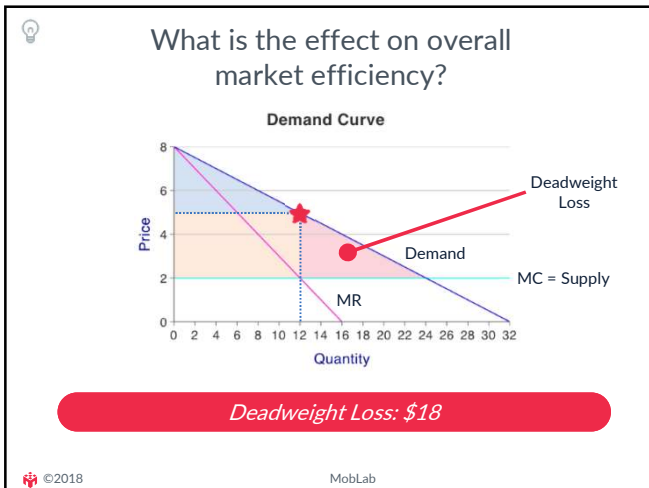
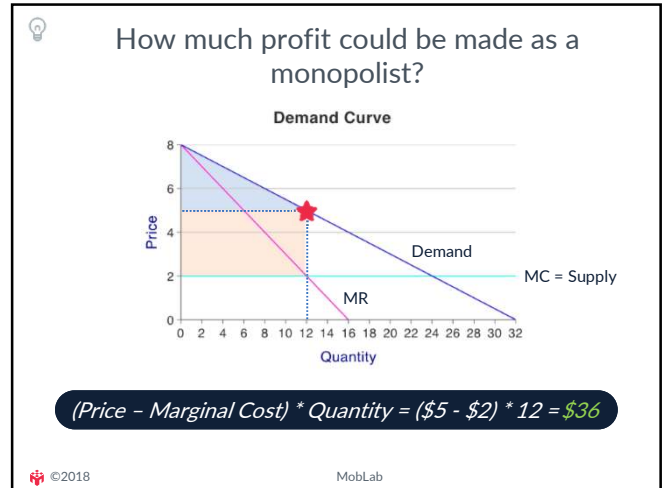
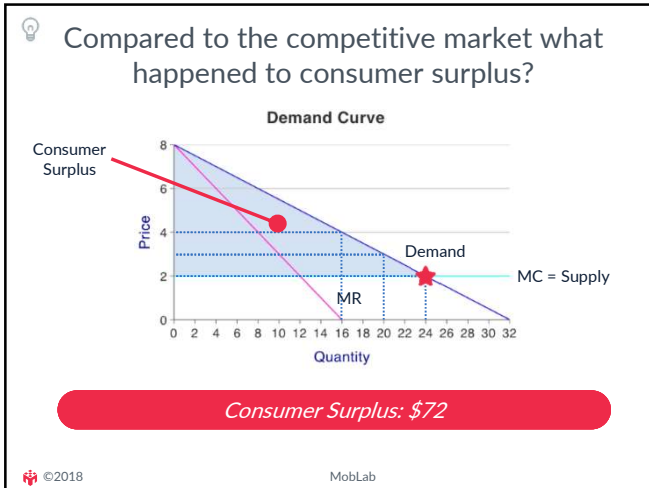
Results Discussion  
Monopoly

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Concept Review  
Monopoly

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- The different types of monopolies
- *Monopoly over a Resource*
    - DeBeer's owned over 80% of the world's supply of diamonds at one point.
  - *Government-Created Monopoly*
    - Patents and Copyrights give creators a monopoly over a product for a determined amount of time.
  - *Natural Monopolies*
    - Public Utilities are determined to be able to provide their service to entire market at a lower cost than could two more more firms.
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