

Market Structure Cheat Sheet

| | Perfect Competition | Monopolistic Competition | Oligopoly | Monopoly |
|--|----------------------------|-------------------------------------|------------------------------|-----------------------|
| # of firms | Many | Many | “Few” | One |
| Type of good | Identical | Similar, but not identical | Similar or Identical | n/a |
| Substitutability of Different Firms’ Products | Perfect Substitutes | Close, but not perfect, substitutes | Close or perfect substitutes | n/a |
| Entry? | Free entry | Free entry | Barriers to entry | Barriers to entry |
| Price taker or maker? | Price Taker | Price Maker | Price Maker | Price Maker |
| Long-Run Profit | Economic Profit = 0 | Economic Profit = 0 | Economic Profit > 0 | Economic Profit > 0 |
| Long-Run Price | $P = MC$ $P = \min ATC$ | $P > MC$ $P = ATC$ | $P > MC$ $P \geq ATC$ | $P > MC$ $P > ATC$ |
| In the absence of regulation, is the long-run outcome efficient? | Efficient | Some inefficiency | Some inefficiency | Inefficient |

For price taker/maker, long-run profit, long-run price and efficiency you should be able to answer the question “Why?”