

Definitions and examples

Central Questions

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| <p><u>Chapter 7</u> Business firm</p> | <p><u>Chapter 7</u> 1. Describe the ADVANTAGES and DISADVANTAGES of each type of business structure: <i>sole proprietorship, partnership and corporation.</i></p> | | |
| Sole proprietorship | Sole Proprietorship | Partnership | Corporation |
| Partnership | Advant-ages | | |
| Corporation | Disad-vantages | | |
| Asset | 2. Explain how a franchise is like a combination of a sole proprietorship AND a corporation. | | |
| Limited liability | 3. State the two essential questions every firm must answer: | | |
| Franchise | 4. What is the goal of every business firm? | | |
| Fixed cost (FC) + Example | 5. What is the key difference between <i>average total cost</i> and <i>marginal cost</i> ? | | |
| Variable cost (VC) + Example | | | |

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|---|---|----------------------------|---------------------------------|------------------|-----------------|
| | <u>Chapter 8</u> | | | | |
| | 6. Fill out the following chart: | | | | |
| Total cost (TC) | | Perfect Competition | Monopolistic Competition | Oligopoly | Monopoly |
| Average total cost (ATC) | # of sellers | | | | |
| | Type of product | | | | |
| Marginal cost (MC) | Barriers to entry | | | | |
| Marginal revenue | Control over prices | | | | |
| | Examples | | | | |
| <u>Chapter 8</u> Market structure | | | | | |
| | <u>Chapter 9</u> | | | | |
| Price taker | 7. Identify the factors that determine wage rates. | | | | |
| Price searcher | 8. In a highly competitive labor market, what happens to the wage rate when | | | | |
| | a) there is a surplus of labor? | | | | |
| Antitrust law | b) a shortage of labor? | | | | |
| Price discrimination | | | | | |

Chapter 9

Wage rate

Minimum wage law

Labor union + example

c) Draw and label supply and demand graph showing each example.

9. Why do some people earn more than others?

10. Explain the impact minimum wage has on the quantity of jobs offered by employers.

11. Explain *two ways* labor unions try to benefit its members.

A.

B.

12. Highlight the *two views* of labor unions

A.

B.

