Quizlet

11 Economics 2 Markets - Part 2

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1. **market failure** where the market does not result in the efficient allocation of resources, such as the allocation of public goods
2. **merit goods** goods that are not produced in sufficient quantity by the private sector because private individuals do not place sufficient value on those goods
3. **monopolistic competition** a market structure where there are many sellers offering a differentiated product and few barriers to entry
4. **monopoly** a market structure where there is only one producer
5. **oligopoly** a market structure where there are few sellers of usually differentiated products and there are significant barriers to entry
6. **perfectly elastic supply** where producers are willing to supply an infinite quantity of a good or service at a particular price but nothing at all at a lower price
7. **perfectly inelastic demand** where consumers are willing to pay any price in order to obtain a given quantity of a good or service
8. **perfectly inelastic supply** where producers are willing to supply a given quantity of a good or service regardless of the price
9. **price elasticity of demand** a measure of the responsiveness of quantity demanded to a change in price
10. **price elasticity of supply** a measure of the responsiveness of quantity supply to a change in price
11. **price mechanism** the process by which the forces of supply and demand interact to determine the market price at which goods and services are sold and the quantity produced
12. **product differentiation** when firms try to make their goods and services look different from competitors to increase brand loyalty and give the firm some degree of price-setting power
13. **product market** the interaction of demand for and supply of the outputs of production
14. **public goods** goods that private firms are unwilling to supply as they are not able to restrict usage and benefits to those willing to pay for the good
15. **pure competition** a market structure where there are many sellers of a homogenous product and there are no barriers to entry
16. **total outlay method** a way of calculating the price elasticity of demand by looking at the effect of changes in price on the revenue earned by the producer