

# Reaction paper of finance

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LI, MINGJIE(JACKSON) Reaction paper In last time, we study chapter 5 to chapter 10, these chapter I have some review. In the chapter 5 I learn what is utility and what is marginal utility. The equimarginal principle: the fundamental condition of maximum satisfaction or utility is the equimarginal principle. The gap between the total utility of a good and its total market value is called consumer surplus.

In chapter the relationship between the quantity of output(such as wheat, steel, or automobiles)and the quantities of inputs (of labor, land, and capital)is called the production function. And technological change refers to a change in the underlying techniques of process of production, as occurs when a new product or process of production is invented or an old production or process is improved. The business organizations: business firms are specialized organizations devoted to managing the process of production.

In chapter3 one part is economic analysis of costs: total cost can be broken down into fixed cost and variable cost. Marginal cost is the extra total cost resulting from extra unit of output. Average total cost is the sum of ever-declining average fixed cost and average variable cost. Useful rules to remember are :  $TC = FC + VC$   $AC = TC/q$   $AC = AFC + AVC$  In this chapter important is supply behavior of the competitive firm. Supply behavior in competitive industries. Special cases of competitive markets.

Efficiency and equity of competitive markets. Those are important parts in the this chapter. Chapter 9 important kinds of markets structures are monopoly, where a single firm produces all the output in a given industry: oligopoly, where a few sellers of a similar or differentiated product supply the

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industry: monopolistic competition, where a large number of small firms supply related but somewhat differentiated products: and perfect competition, where a large number of small firms supply an identical face downward-sloping demand curves.

In chapter 10 part of behavior of imperfect competitors: recall the four major market structures: perfect competition is found when no firm is large enough to affect the market prices. Monopolistic competition occurs when a large number of firms produce slightly differentiated products. Oligopoly is an intermediate form of imperfect competition in which an industry is dominated by a few firms. Monopoly comes when a single firm produces the entire output of an industry. And has another important parts: one is game theory, one is public policies to combat market power. Above is my feeling. Thank you for check.