

1. **THEORY OF THE FIRM**
The theory of the firm is a branch of economics that studies the behavior of firms in the market. It focuses on the internal structure of the firm, the organization of production, and the decision-making process within the firm.

2. **PRODUCTION FUNCTION**
The production function is a mathematical representation of the relationship between inputs and outputs. It shows how different combinations of inputs (labor, capital, land) can be used to produce a given level of output.

3. **PROFIT MAXIMIZATION**
Firms aim to maximize their profits, which is the difference between total revenue and total costs. This is achieved by choosing the optimal level of inputs and output.

4. **MARKET STRUCTURES**
There are four main types of market structures: perfect competition, monopolistic competition, oligopoly, and monopoly. Each structure has different characteristics regarding the number of firms, the degree of product differentiation, and the ease of entry and exit.

5. **SHORT-RUN AND LONG-RUN PRODUCTION**
In the short run, at least one input is fixed, while in the long run, all inputs are variable. This distinction is important for understanding the firm's cost structure and its ability to adjust its production level.

6. **SHORT-RUN COST CURVES**
The short-run cost curves include the total cost curve, the average total cost curve, and the marginal cost curve. These curves are derived from the production function and the input prices.

7. **LONG-RUN COST CURVES**
The long-run cost curves show the minimum total cost of producing a given level of output when all inputs are variable. They are derived from the short-run cost curves.

8. **MONOPOLY**
A monopoly is a market structure where there is only one firm that produces a unique product. The monopolist has the power to set the price and the quantity of output.

9. **OLIGOPOLY**
An oligopoly is a market structure where a few large firms dominate the market. These firms are interdependent, meaning that the actions of one firm can significantly affect the others.

10. **MONOPOLISTIC COMPETITION**
Monopolistic competition is a market structure where many firms produce differentiated products. Firms have some degree of market power, but they are also subject to competition.

11. **PERFECT COMPETITION**
Perfect competition is a market structure where many small firms produce identical products. Firms are price takers, meaning that they have no control over the market price.

12. **EXTERNALITIES**
Externalities are costs or benefits that are not reflected in the market price. They can be positive (benefits) or negative (costs). Externalities are often caused by the production or consumption of goods and services.

13. **GOVERNMENT INTERVENTION**
The government may intervene in the market to correct market failures, such as externalities, public goods, and imperfect information. This can be done through taxes, subsidies, and regulations.

14. **WELFARE ECONOMICS**
Welfare economics is a branch of economics that studies the distribution of resources and the resulting welfare of society. It focuses on the efficiency and equity of the allocation of resources.

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