

YouTube Title: 2012 AP Econ Videos- Lazy Econ <http://www.youtube.com/watch?v=4kkwm3R8iOQ&feature=fvwrel>

Video Length: 3:36 minutes

The Economy Today Chapter 22: The Competitive Firm

The Micro Economy Today Chapter 8: The Competitive Firm

The Economy Today Learning Objective 3: How a competitive firm maximizes profit.

Topics: Elasticity of demand

Key Terms: Perfect competition, economic profit, long run, short run, profit

Summary

This video is a parody of “The Lazy Song” by Bruno Mars illustrating perfect competition.

Economic Application

This video can be used to illustrate the persistent pressure competitive markets exert on prices and profits. The threat of competition is a tremendous incentive for producers to respond quickly to consumer demands and to seek more efficient means of production.

Multiple-Choice Question

What price level would induce a firm to decrease output?

- a) Price = TR
- b) Price > MC
- c) Price < MC
- d) Price = MC

Discussion Question

What is the sequence of events common to a competitive market situation?