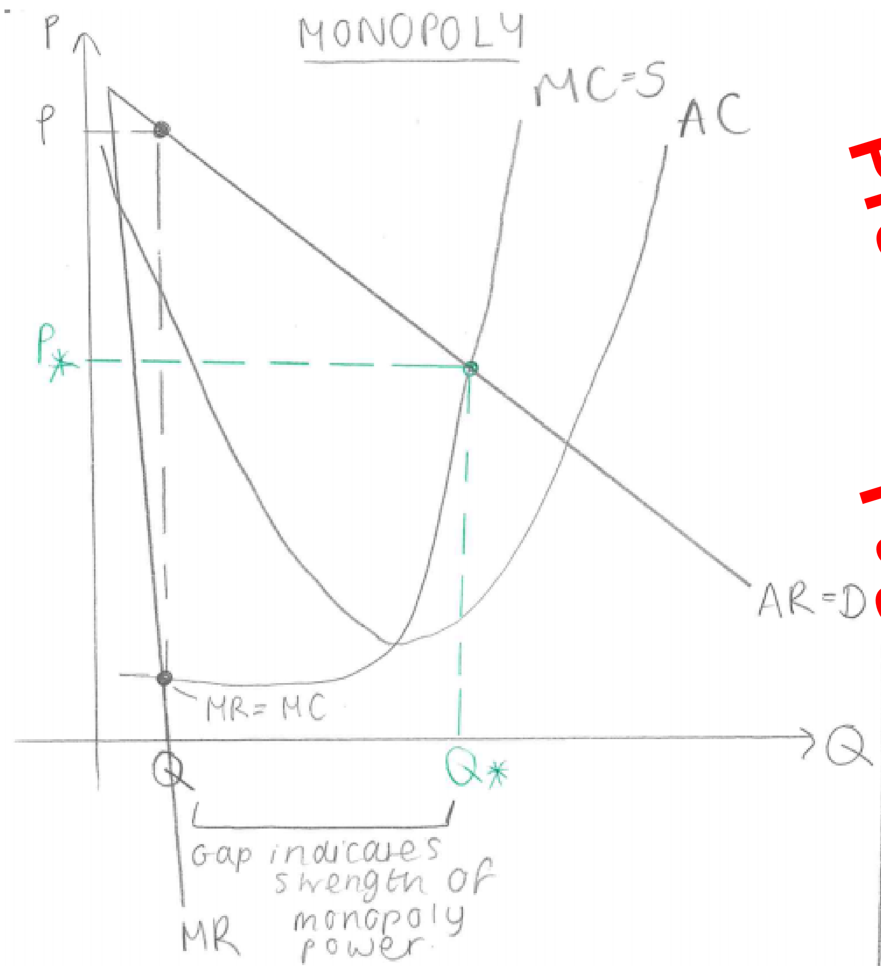
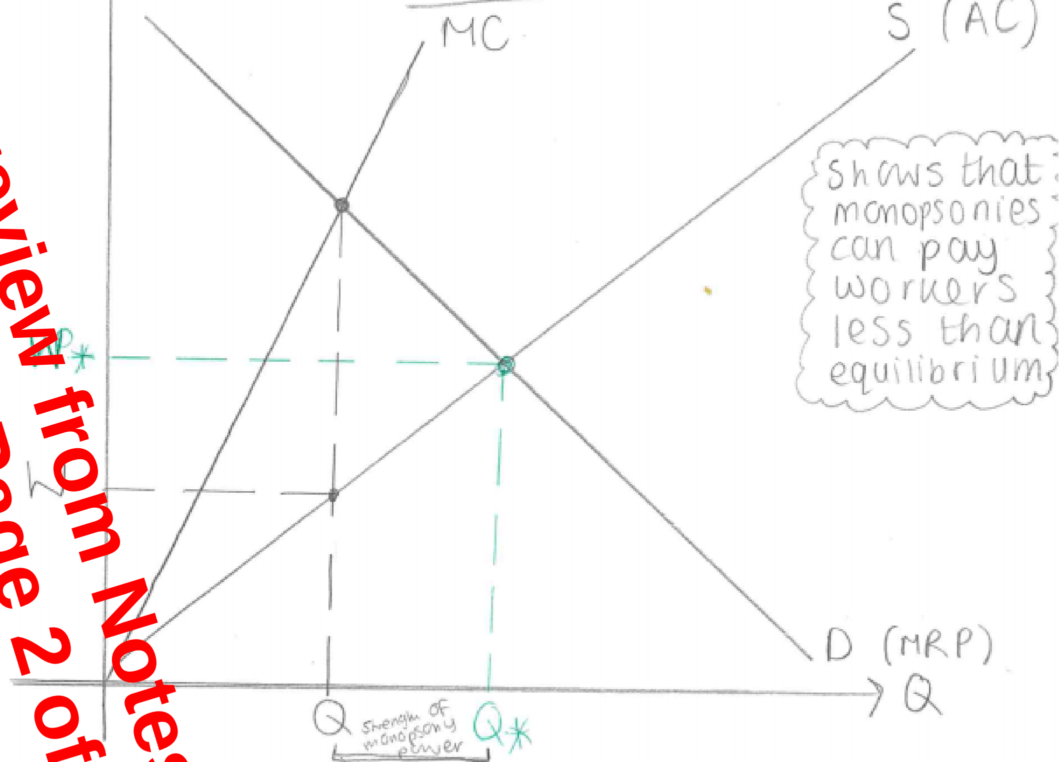
MONOPOLY



* selling power
* shows that a monopoly can charge a much higher price than the equilibrium (P* Q*).

* You read wage off the AC curve because you would calculate AC by doing (W x Q) / Q
* MC and S curves diverge because if 1 person demands a pay rise, everyone gets a pay rise.

MONOPSONY (labour market)



* Buying power (e.g. NHS)
* Demand curve represents employers' demand for workers, supply curve represents workers / labour.
* Q* = equilibrium quantity, W* = equilibrium wage
* MC = MRP (profit maximisation) because the additional cost of hiring 1 worker must equal the benefit of employing them.
  ↳ but you have to trace this line back down to AC curve (as you can only read wage off it).