

Recall Tasks

Market Structures

Efficiency

- i. What is allocative efficiency?
- ii. What does allocative efficiency maximise?
- iii. When is allocative efficiency achieved? Give the two 'versions' of the condition
- iv. Show allocative efficiency on a D-S diagram
- v. Show allocative efficiency on a AC-MC-AR-MR diagram
- vi. Is allocative efficiency a static concept?
- vii. What is productive efficiency?
- viii. When is productive efficiency achieved?
- ix. Show productive efficiency on a PPF diagram
- x. Show productive efficiency on a AC-MC-AR-MR diagram
- xi. Why might productive efficiency differ in the short and long run?
- xii. Is productive efficiency a static concept?
- xiii. What is dynamic efficiency?
- xiv. What is innovation?
- xv. Explain the two types of innovation, referring to allocative and productive efficiency?
- xvi. What is the condition for dynamic efficiency?
- xvii. Is dynamic efficiency a static concept?
- xviii. What is X-inefficiency?
- xix. Show X-inefficiency on an AC diagram
- xx. What market structure is most likely to display X-inefficiency?
- xxi. How can Government X-inefficiency be overcome?

Market Structure

- i. What are the 6 characteristics by which we can describe market structures?
- ii. What are Barriers to Entry/Exit?
- iii. State 8 types of barrier to entry/exit
- iv. Which 4 are innocent barriers to entry/exit?
- v. Which 3 are deliberate barriers to entry/exit?

- vi. What is interdependence?
- vii. What is homogeneity?
- viii. How is concentration ratio calculated?
- ix. Give 3 criticisms of concentration ratio as a way of identifying market structure

Perfect Competition

- i. What are the characteristics of perfect competition?
- ii. Draw an industry demand curve for perfect competition
- iii. Draw a firm demand curve for perfect competition
- iv. Why does $D=AR=MR$ in perfect competition?
- v. Why is a perfectly competitive firm's demand curve perfectly elastic?
- vi. Illustrate a perfectly competitive firm making normal profit
- vii. Illustrate a perfectly competitive firm making a short run loss
- viii. Illustrate a perfectly competitive firm making a short run abnormal profit
- ix. Explain, using industry and firm graphs, why perfectly competitive firms cannot sustain supernormal profit in the short run
- x. Does perfect competition result in allocative efficiency?
- xi. Does perfect competition result in productive efficiency?
- xii. Does perfect competition result in dynamic efficiency?
- xiii. Does perfect competition result in X-efficiency?
- xiv. What are the advantages of perfect competition?
- xv. What are the disadvantages of perfect competition?
- xvi. Give examples of 2 industries which could be considered close to perfectly competitive

Monopolistic Competition

- i. What are the characteristics of monopolistic competition?
- ii. Draw an industry demand curve for perfect competition
- iii. Why does $MR < AR$ at all quantities?
- iv. To what extent do monopolistically competitive firms have control over the price?
- v. Why is a monopolistically competitive firm's AR curve downward sloping?
- vi. Illustrate a monopolistically competitive firm making normal profit
- vii. Illustrate a monopolistically competitive firm making a short run loss

- viii. Illustrate a monopolistically competitive firm making a short run abnormal profit
- ix. Why are monopolistically competitive firms unlikely to maintain supernormal profit in the short run
- x. Explain why a firm may operate at excess capacity in the short run
- xi. Does monopolistic competition result in allocative efficiency?
- xii. Does monopolistic competition result in productive efficiency?
- xiii. Does monopolistic competition result in dynamic efficiency?
- xiv. Does monopolistic competition result in X-efficiency?
- xv. What are the advantages of monopolistic competition?
- xvi. What are the disadvantages of monopolistic competition?
- xvii. Give examples of 2 industries which could be considered close to monopolistically competitive

Oligopoly

- i. What are the characteristics of oligopoly?
- ii. How can an oligopoly be identified?
- iii. Explain why oligopolies are often formed through mergers
- iv. Why is it often difficult for oligopolies to determine production price and quantities?
- v. What is collusion?
- vi. What is the difference between tacit and overt collusion?
- vii. Why might firms want to engage in tacit collusion?
- viii. Why might firms want to engage in overt collusion?
- ix. What is price leadership?
- x. What is a cartel?
- xi. Why do cartels often fail?
- xii. Under what circumstances would a firm be best placed to cheat a cartel?
- xiii. Draw a sample two firm, two outcome model to show possible outcomes when firms decide whether to a) raise price or lower price b) compete or collude?
- xiv. Explain 3 forms of price competition
- xv. Why might firms want to engage in non-price competition?
- xvi. Explain 4 forms of non-price competition?
- xvii. Does oligopoly result in allocative efficiency?

- xviii. Does oligopoly result in productive efficiency?
- xix. Does oligopoly result in dynamic efficiency?
- xx. Does oligopoly result in X-efficiency?
- xxi. What are the advantages of oligopoly?
- xxii. What are the disadvantages of oligopoly?
- xxiii. Give examples of 2 industries which could be considered close to oligopoly

Monopoly

- i. What are the characteristics of a monopoly?
- ii. Why is the demand curve for a monopolist downward sloping?
- iii. Why does $AR \neq MR$ for a monopolist?
- iv. What is the relationship between AR and MR for a monopolist?
- v. Illustrate a monopolist making normal profit
- vi. Illustrate a monopolist making a short run loss
- vii. Illustrate a monopolist making a short run abnormal profit
- viii. Why can a monopolist maintain a supernormal profit in the short run?
- ix. What is Third Degree Price Discrimination?
- x. Why would a monopolist want to use price discrimination?
- xi. Illustrate Third Degree Price Discrimination using diagrams
- xii. What are the 3 conditions necessary for price discrimination to be possible?
- xiii. Why is 3rd degree price discrimination associated with monopoly?
- xiv. What is a Natural Monopoly?
- xv. Does monopoly result in allocative efficiency?
- xvi. Does monopoly result in productive efficiency?
- xvii. Does monopoly result in dynamic efficiency?
- xviii. Does monopoly result in X-efficiency?
- xix. What are the advantages of monopoly to consumers?
- xx. What are the disadvantages of consumers?
- xxi. What are the advantages of monopoly to firms?
- xxii. What are the disadvantages of firms?
- xxiii. What are the advantages of monopoly to employees?

- xxiv. What are the disadvantages of employees?
- xxv. What are the advantages of monopoly to suppliers?
- xxvi. What are the disadvantages of supplier?
- xxvii. Give examples of 2 industries which could be considered close to monopoly

Monopsony

- i. What is a monopsony?
 - ii. Give an example of a monopsony
 - iii. How do monopsonists typically profit maximise?
 - iv. Compare the price paid to suppliers under monopsony to that under competition
 - v. Compare the quantity bought from suppliers under monopsony to that under competition
 - vi. Give a benefit of monopsony to the firm itself
 - vii. Give a cost of monopsony to the firm itself
 - viii. Give a benefit of monopsony to the consumers
 - ix. Give a cost of monopsony to the consumers
 - x. Give a benefit of monopsony to employees
 - xi. Give a cost of monopsony to employees
 - xii. Give a benefit of monopsony to suppliers
 - xiii. Give a cost of monopsony to suppliers
- Contestable markets
- i. What is a contestable market?
 - ii. What is the difference between contestable markets and perfectly competitive markets?
 - iii. Why do firms in a contestable market avoid setting $P > AC$?
 - iv. What is limit pricing?
 - v. What are sunk costs?
 - vi. Give 2 examples of sunk costs