A-LEVEL ECONOMICS • EXERCISE SHEET

7.6 Different market structures

Name: ______________ Class: __________ Date: ____________ **Total: 26 marks**

KEY WORDS monopoly 垄断 • monopolistic competition 垄断竞争 • perfect competition 完全竞争 • price discrimination 价格歧视 • oligopoly 寡头垄断

Objective

Build the skills to answer exam questions on **market structures** 市场结构 — **perfect competition, monopolistic competition, oligopoly and monopoly** 完全竞争、垄断竞争、寡头垄断、垄断, plus **collusion** 合谋 and **price discrimination** 价格歧视.

You must be able to:

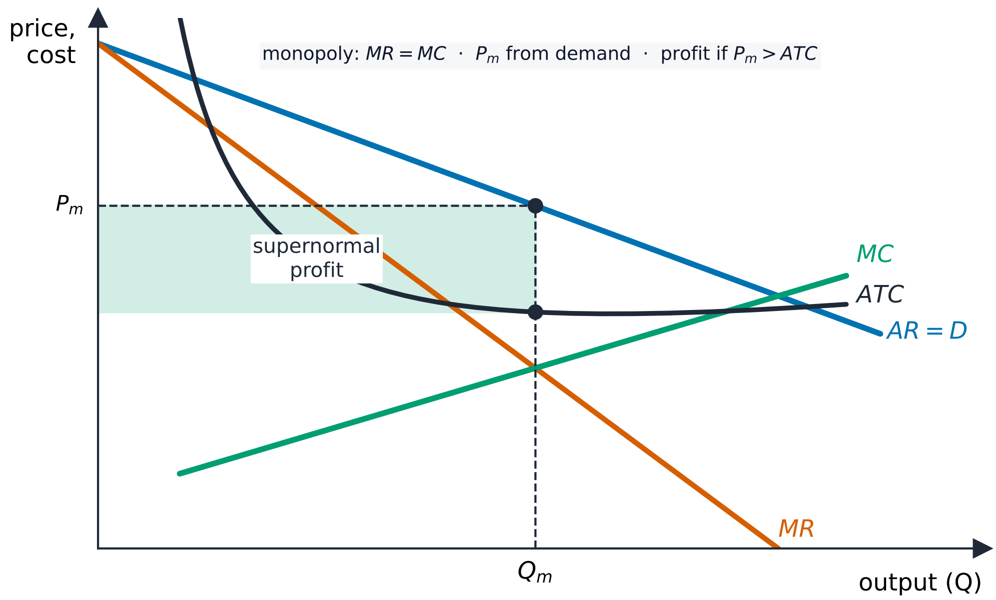
- compare the four market structures (firms, barriers, product, profit)
- draw perfect competition and monopoly in long-run equilibrium
- analyse and evaluate monopoly versus competition

1 Worked examples

■ The spectrum of competition

Firms, barriers to entry and product type define each structure

- **Perfect competition** 完全竞争: many firms, no barriers, identical product, **normal profit** only; efficient.
- **Monopolistic competition** 垄断竞争: many firms, differentiated product, normal profit long-run.
- **Oligopoly** 寡头垄断: a few firms, high barriers; may **collude** 合谋 (a **cartel** 卡特尔).
- **Monopoly** 垄断: one firm, high barriers, **supernormal profit** 超常利润, often inefficient.



One pole of the spectrum: the monopoly diagram (price above MC, supernormal profit)

- **Price discrimination 价格歧视**: charging different groups different prices.

Answer shapes: an **Explain [up to 8]** answer may use a firm diagram (AO3); **Discuss [12]** adds a judgement (AO4).

2 Practice

2.1 State two features of **perfect competition**. [2]

2.2 Define the term *price discrimination*. [2]

2.3 State why a monopoly can earn supernormal profit in the long run. [1]

3 Exam-style questions

3.1 In long-run equilibrium, a perfectly competitive firm earns: [1]

A	B
C	D

A supernormal profit
B normal profit only
C subnormal profit
D zero revenue

3.2 Using a diagram, explain how a monopoly can earn supernormal profit. [8]

3.3 Discuss whether a monopoly is always worse for society than perfect competition.[12]