Solutions

Each answer shows the steps, then the **result**.

2.1

- a perfectly competitive firm is a price taker (horizontal demand); an imperfectly competitive firm has market power and a downward-sloping demand curve

2.2

- monopoly, oligopoly, monopolistic competition, monopsony

2.3

- they block entry, letting the firm keep economic profit in the long run

3.1 B

3.2 A

3.3

(a)

- a monopoly

(b)

- a barrier to entry

(c)

- long-run economic profit