4. Imperfect Competition

Starter Quiz · 课前小测

AP Microeconomics   Name: ____________   Score: ______

1. A firm with market power faces a demand curve that is:
   - ☐ downward-sloping
   - ☐ horizontal (flat)
   - ☐ vertical
   - ☐ upward-sloping
2. A monopoly is a **price maker**, which means it:
   - ☐ chooses its price by choosing its output
   - ☐ must accept the market price
   - ☐ always charges marginal cost
   - ☐ cannot earn a profit
3. Price discrimination means:
   - ☐ charging different buyers different prices for the same good
   - ☐ refusing to serve some buyers
   - ☐ charging everyone the same low price
   - ☐ setting price equal to marginal cost
4. Monopolistic competition has:
   - ☐ many firms selling differentiated products
   - ☐ one firm with no substitutes
   - ☐ a few interdependent firms
   - ☐ identical products from every firm
5. The defining feature of an oligopoly is:
   - ☐ mutual interdependence between a few firms
   - ☐ thousands of tiny firms
   - ☐ identical products only
   - ☐ no barriers to entry
6. A price taker can raise its price above the market price and still sell everything.

   ☐ True   ☐ False

7. For a monopoly, marginal revenue is below the price because it must cut the price on every unit to sell more.

   ☐ True ☐ False

8. Select **all** conditions needed for price discrimination.

   ☐ the firm has market power

   ☐ buyers can be sorted by willingness to pay

   ☐ resale can be prevented

   ☐ the market is perfectly competitive

   Tick every correct option.

9. Anything that stops new firms from entering a market is a _________ to entry.

   ____

10. Demand is $P = 100 - Q$, so $MR = 100 - 2Q$. With $MC = 20$, what is the monopoly quantity where $MR = MC$?

    ____

AP Microeconomics

1. **downward-sloping**

   To sell more it must lower its price — a downward-sloping demand curve.

2. **chooses its price by choosing its output**

   With no rivals, the monopolist picks the point on the demand curve that maximises profit.

3. **charging different buyers different prices for the same good**

   It bases each buyer's price on their willingness to pay.

4. **many firms selling differentiated products**

   Many firms compete, but each product is a little different — giving slight market power.

5. **mutual interdependence between a few firms**

   With only a few firms, each must consider how rivals will react.

6. **False**

   A price taker must accept the market price; charging more loses all its buyers.

7. **True**

   Lowering the price on all units makes the extra revenue (MR) smaller than the price.

8. **the firm has market power; buyers can be sorted by willingness to pay; resale can be prevented**

   Market power, sortable buyers, and no resale — perfect competition rules it out.

9. **barrier**

   Barriers to entry protect economic profit in the long run.

10. **40**

    Set $100 - 2Q = 20 \rightarrow 2Q = 80 \rightarrow Q = 40$.