

3.1 Monopolistic Competition Long Questions

2001 Q1

- (a) State and explain the assumptions underlying the theory of **Imperfect Competition**. (25 marks)
 - (b) Draw the demand curve which faces a firm in imperfect competition and justify its shape. (10 marks)
 - (c) Discuss, with the aid of a clearly labelled diagram, the implications of the assumptions in (a) above, on the equilibrium of the firm in the long run under conditions of imperfect competition. (30 marks)
 - (d) State **ONE FEATURE** of this firm in long run equilibrium which would be common to a firm in long run equilibrium under **EITHER** perfect competition **OR** monopoly. (10 marks)
- [75 marks]**

2005 Q2

- 2. (a) State and explain the assumptions underlying the theory of **imperfect competition**. (20 marks)
 - (b) (i) Explain, with the aid of a clearly labelled diagram the long run equilibrium position of a firm in **imperfect competition**.
(ii) State and explain **ONE** feature of this firm in long run equilibrium which would be common to a firm in long run equilibrium under **perfect competition**.
(iii) State and explain **ONE** feature of this firm in long run equilibrium which would be common to a firm in long run equilibrium under **monopoly**. (40 marks)
 - (c) Consider the retail market for petrol.
Do you believe that this market operates under conditions of imperfect competition? State reasons for your answer. (15 marks)
- [75marks]**

2009 Q2

- (a) (i) State and explain the assumptions underlying the theory of **imperfect competition**.
(ii) Outline the advantages imperfect competition may offer consumers. (30 marks)
 - (b) Explain with the aid of a diagram in **each** case the conditions for a profit maximising firm to be in equilibrium under imperfect competition:
(i) in the short run;
(ii) in the long run. (30 marks)
 - (c) 'Major food retailers in the Irish market, such as Aldi, Dunnes, SuperValu and Tesco operate under conditions of Imperfect Competition'.

Do you agree with this statement? Give reasons for your answer, referring to major food retailers in the Irish market mentioned above. (15 marks)
- [75 marks]**

2009 DEB Q2

- (a) State and explain the assumptions underlying the theory of **imperfect competition**. (20 marks)
- (b) (i) Discuss, with the aid of a diagram, the implications of the above assumptions on the long run equilibrium position of a firm in imperfect competition.
(ii) State and explain **one** feature of the long run equilibrium position of this firm which is common to the long run equilibrium position of a firm in:
- perfect competition;
 - a monopoly.
- (30 marks)
- (c) (i) Why is imperfect competition considered to be wasteful of economic resources?
(ii) What advantages may imperfect competition offer to consumers?
- (25 marks)
[75 marks]

2014 Q2

- (a) (i) State and explain **three** assumptions underlying the theory of imperfect competition.
(ii) Explain why a firm's demand curve under imperfect competition differs from a firm's demand curve under perfect competition. (25)
- (b) (i) Explain, with the aid of a diagram, the long run equilibrium of a firm in imperfect competition.
(ii) With reference to your diagram in (b) (i) explain why the firm is not making socially efficient use of scarce resources. (30)

2017 Q2

- (c) Bord Bia reported the total value of the Artisan Food market to be growing strongly, leading to more firms entering the industry. (Bord Bia defines Artisan Food as being "high-quality, distinctive and produced in small quantities", e.g., farmhouse cheeses, breads etc.)
- (i) State a market structure which most closely reflects this situation, giving reasons for your answer.
- (ii) Explain the shape of the demand curve of a firm in this market structure. [20]