

3.1 Monopoly Long Questions

2004 Q1

- (a) Explain, with the aid of a diagram, the long run equilibrium position of a monopoly firm. (25 marks)
- (b) If firms wish to enter a monopoly market they will face barriers to entry. Explain **THREE** of these barriers. (15 marks)
- (c) If a monopoly firm wishes to engage in price discrimination, certain conditions must apply. State and explain **THREE** of these conditions. (15 marks)
- (d) Irish semi-state transport companies are facing increasing competition. Discuss **ONE** possible advantage and **ONE** possible disadvantage of this development for:
- Consumers;
 - AND**
 - Employees of semi-state transport companies.
- (20 marks)

[75 marks]

2008 Q2

- (a) Explain, with the aid of a diagram, the long run equilibrium position for a monopoly firm which seeks to maximise profits. (25 marks)
- (c) (i) State and explain **three** barriers to entry facing entrants to a monopoly market. (20 marks)
- (ii) **Deregulation** of markets (i.e. allowing more suppliers of a good or service into the market) is a continuing development in the Irish economy e.g. energy, mobile phones, transport etc.
- Explain** how deregulation could affect:
- (i) Consumers of the good/service;
 - (ii) Employees in the industry;
 - (iii) Profits of existing firms.

(30 marks)
[75 marks]

2010 Q2

- (a) (i) State and explain **three** assumptions underlying the theory of monopoly.
(ii) Outline **two** possible advantages of monopoly as a market structure. (25 marks)
- (b) Iarnród Eireann (Irish Rail) is the state monopoly in the provision of rail transport in Ireland. It operates a system of price discrimination in setting some of its prices.
(i) Explain the underlined term, giving **one** example as practiced by Iarnród Eireann.
(ii) State and explain **three** conditions necessary for price discrimination to take place. (20 marks)
- (c) Using suitably labelled diagram(s), **compare** the long run equilibrium position of the monopoly firm with that of a perfectly competitive firm (assuming both operate under the same cost conditions) under the following headings:
• Price and Output;
• Profits;
• Efficiency. (30 marks)
- [75 marks]**

2012 Q2

- (c) Contrast the characteristics of perfect competition with monopoly under the following headings:
• Barriers to entry;
• Profits in the long run;
• Economies of scale;
• Price discrimination. (20)

2013 Q2

- (a) Technology companies such as Apple and Samsung are currently involved in legal disputes regarding patents on various aspects of their smartphones. When a company wins a patent dispute it may become the sole producer using the patented technology.
(i) Explain **three** barriers to entry, other than patents, that can exist in business.
(ii) Outline **two** reasons why monopolies may not be in the public interest. (25)
- (b) Explain, with the aid of a diagram, the long run equilibrium position of a monopoly firm. (25)

2015 Q2

- (a) (i) State and explain two examples of barriers to entry facing firms wishing to enter a monopoly market.
- (ii) Explain, with the aid of a diagram, the long run equilibrium position of a monopolist. Identify on your diagram the profit the monopolist makes. (35)

2019 Q2

- (a) (i) Outline three characteristics of a monopoly firm.
- (ii) Explain why some degree of monopoly power must exist for price discrimination to occur. [20]
- (b) (i) Explain, using a clearly labelled diagram, the long-run equilibrium position of a monopoly firm.
- (ii) With reference to the diagram you have drawn in part (b) (i), explain why a firm's demand curve under monopoly differs from a firm's demand curve under perfect competition. [30]