

Monopoly Long Questions

1998 Q1

- (a) Explain, with the aid of a diagram, the long run equilibrium position of a firm which is operating in monopoly. (25 marks)
- (b) How does monopoly lead to an inefficient use of resources? (15 marks)
- (c) Define price discrimination. Give three examples. (15 marks)
- (d) What are the conditions that must exist to enable price discrimination to be practised? (20 marks)

2000 Q2

- (a) Define 'price discrimination' and give ONE example. (10 marks)
- (b) State and explain THREE conditions which must exist to enable a firm to practise price discrimination. (20 marks)
- (c) A firm is a monopolist in the home market and exports to perfectly competitive markets abroad. It seeks to maximise profits. Explain, with the aid of a clearly labelled diagram, the long run equilibrium of this price discriminating monopolist. (30 marks)

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)
- (b) (i) Define price discrimination.
(ii) Explain **three types** of price discrimination, using suitable examples in each case. (20 marks)
- (c) (i) State and explain **three** barriers to entry facing entrants to a monopoly market.
(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)

2012 EC Q2

(b) With the aid of clearly labelled diagrams:

- (i) Explain the shape of the demand curve of a firm operating in Perfect Competition.
- (ii) Explain the shape of the demand curve of a firm operating in Monopoly.
- (iii) Indicate the difference between a perfectly competitive firm and a monopolist operating under long-run equilibrium conditions. (30)

- (c) (i) Explain what is meant by 'limit pricing'.
- (ii) In which market structure would you expect to find limit pricing? Explain your answer. (15)

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)