

Microeconomics

Review Questions Exam III

1. What are the main assumptions of a perfectly competitive market?
2. What is the importance of the main assumptions?
3. In a competitive market, what is the nature of demand and how does it affect a firm's operating decision?
4. In a competitive market, what is the difference between the short and long run? How does it affect strategic decisions?
5. What advantages in economic efficiency does a competitive market have?

6. What are the main assumptions of a monopolistic market?
7. What is the importance of the main assumptions in a monopolistic market?
8. In an monopolistic market, what is the nature of demand and how does it affect a firm's operating decision?
9. In a monopolistic market, what is the difference between the short and long run? How does it affect strategic decisions?
10. What problems does a monopolistic firm encounter in regard to economic efficiency and how do they affect economic policy toward monopoly?

11. What are the main assumptions of monopolistically competitive market?
12. What is the importance of the main assumptions in a monopolistically competitive market?
13. In an monopolistically competitive market, what is the nature of demand and how does it affect a firm's operating decision?
14. In a monopolistically competitive market, what is the difference between the short and long run? How does it affect strategic decisions?
15. How well does monopolistically competitive markets compare to achieving economic efficiency?

16. What are the main assumptions of an oligopolistic market?
17. What is the importance of the main assumptions in an oligopolistic market?
18. In an oligopolistic market, what is the nature of demand and how does it affect a firm's operating decision?
19. In a oligopolistic market, what is the difference between the short and long run? How does it affect strategic decisions?
20. What are the implications concerning economic efficiency with an oligopolistic market?

21. Graphically, identify the point of profit maximization.
22. Graphically, calculate total revenue and marginal revenue at any quantity.
23. Graphically, calculate total, average, and marginal costs at any quantity.
24. Graphically, calculate profit at any quantity.
25. Graphically, calculate profit margin (ROS) percentages at any quantity.

26. What are the basic elements of a game?
27. From a matrix, identify the payoffs to each player from a given action.
28. From a matrix, identify the best actions of one player given the actions of the other player.
29. From a matrix, identify any dominant, dominated, and Nash strategies and equilibrium, if any.
30. From a matrix, what will be the outcome?