Taylor Economics Chapter 11

1. Define monopolistic competition.
2. What is an oligopoly?
3. Compare and contrast the following market structures: oligopoly, monopolistic competition, monopoly, competition.
4. Define product differentiation.
5. Compare and contrast intraindustry trade versus interindustry trade through examples not in the book.
6. Why can't advertising sell an inferior product in the long run?
7. Give examples of methods to differentiate products.
8. Why do firms make the decision to differentiate their product?
9. What is to be learned from looking at Figure 11.2?
10. Draw a demand curve for firms in a competitive market.
11. Draw a demand curve for a monopolistically competitive firm.
12. In what ways is a monopolistically competitive market like a competitive market?
13. Why is the quantity what it is in all three graphs in Figure 11.3?
14. How is price determined in all three graphs in Figure 11.3?
15. Why is 11.3a profitable, 11.3b unprofitable, and Figure 11.3c at equilibrium?
16. In a scenario like Figure 11.3a, what should we expect from a supply standpoint in the future?
17. In a scenario like Figure 11.3b, what should we expect from a supply standpoint in the future?
18. Describe what will happen in the market shown in 11.3c.
19. What determines if there will be profits (looking at Figure 11.3)?
20. In what ways are monopolistically competitive firms a contributing factor to market inefficiency?
21. How do we know that monopolistically competitive firms like shown in Figure 11.4 face higher costs than competitive firms?
22. What does it mean if a firm has excess capacity?
23. Why is P=MC the most efficient a market can be?
24. Why is it monopolistic competition is inefficient?
25. Define oligopoly.
26. Explain what engaging in strategic behavior allows a firm to do?
27. How can game theory help explain how participants in a market will act?
28. What is the underlying assumption of game theory?
29. What is the prisoner's dilemma?
30. What info does a payoff matrix reveal?
31. Compare and contrast cooperative and non-cooperative outcomes.
32. Explain Nash equilibrium.
33. A duopoly is an example of what type of market structure?
34. Explain why Box 5 of Figure 11.6 is a Nash Equilibrium.
35. Identify and explain three ways firms may act together to keep prices high?
36. Explain what a cartel is and how they lead to monopolistic markets.
37. What does it mean when there is a non-cooperative outcome in game theory?
38. Do problem 1 on page 307.
39. Do problem 2 on page 307.
40. Do problem 3 on page 307.
41. Do problem 6 on page 308.
42. Do problem 8 on page 308.