

Economics Revision Worksheet

A2 Economics

Test : Market Structures Diagrams

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Student Name :

Date: Marks: / 120

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A2 Economics

Unit 3 : Business Economics

Test

Diagrams and Explanations

Answer ALL of the following questions with diagrams as well as written explanation where necessary

Question 1

Explain the relationship between TR, MR and AR (*Mark elasticities on AR*) **[4 marks]**

Question 2

What shape would AR and MR take when TR is rising at a constant rate. **[4 marks]**

Question 3

Explain the relationship between AC and MC, with a written explanation of what happens when AC and MC is rising/falling. **[4 marks]**

Question 4

What is the shut-down point? What does this mean? **[4 marks]**

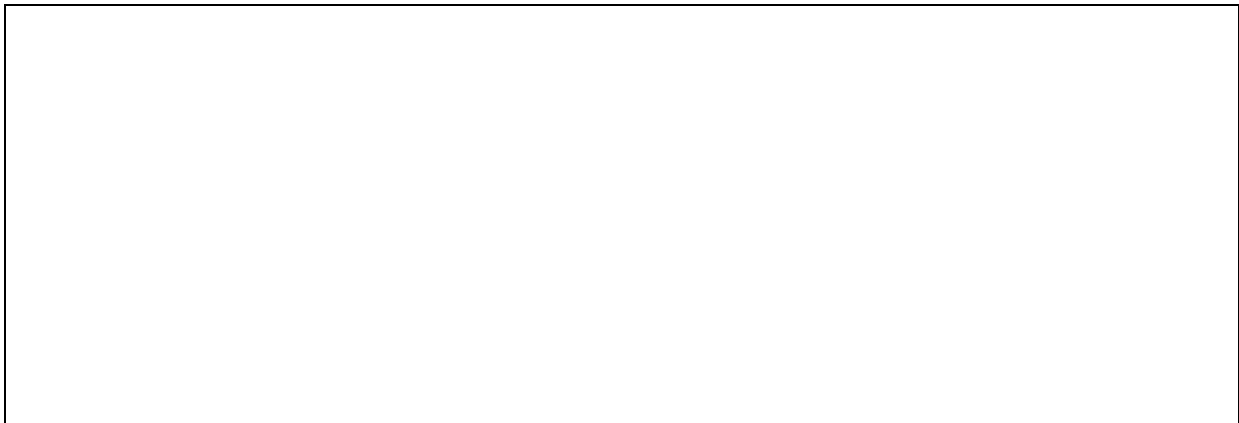
Question 5

Draw a diagram of a profit maximising monopolist. (*Shade the profit region*) **[4 marks]**



Question 6

Draw a diagram of a perfectly competitive firm making short run profits. **[4 marks]**




Question 7

Draw a diagram of a perfectly competitive firm making short run losses. **[4 marks]**



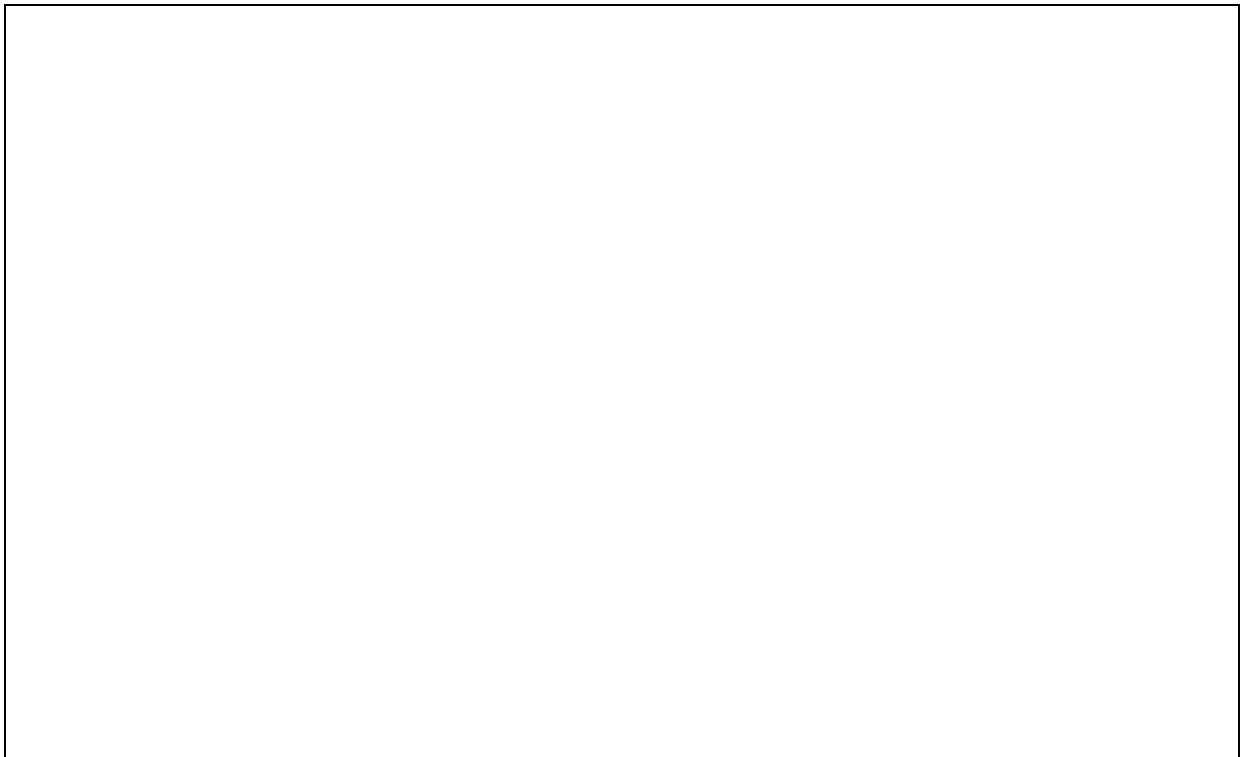
Question 8

Draw a diagram and explain how a perfectly competitive firm making short run profits would achieve long run equilibrium **[6 marks]**



Question 9

Draw a diagram and explain how a perfectly competitive firm making short run losses would achieve long run equilibrium **[6 marks]**



Question 10

Draw a diagram and explain the impact on price, output and profits when a monopolist changes its objectives from profit maximisation to revenue maximisation **[6 marks]**



Question 11

Draw a diagram and explain the impact on price, output and profits when a monopolist changes its objectives from sales maximisation to profit maximisation **[6 marks]**



Question 12

Draw a diagram and explain the impact on price, output and profits of a monopolist when there is an outward shift of AR **[8 marks]**



Question 13

Draw a diagram and explain the impact on price, output and profits of a monopolist when AC increases while MC remains the same **[8 marks]**



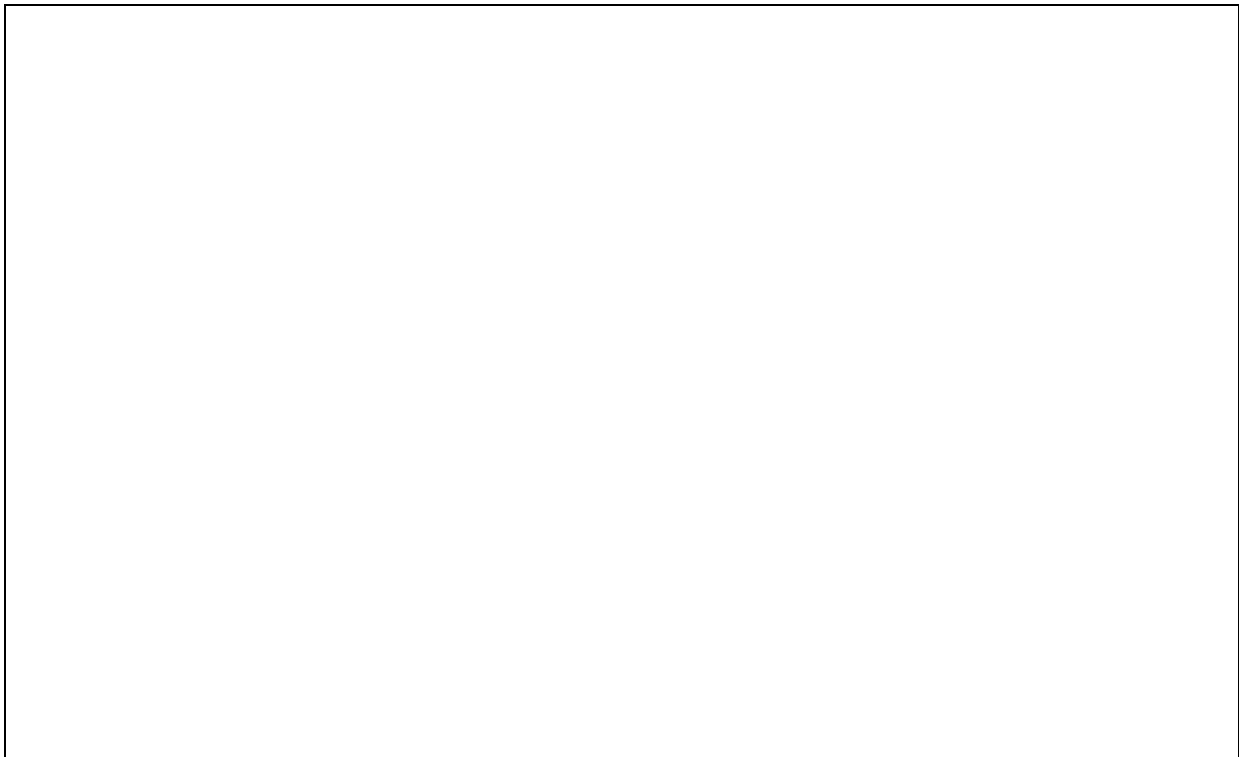
Question 14

Draw a diagram and explain the impact on price, output and profits of a monopolist when there is an outward shift of AR while AC and MC is constant **[8 marks]**



Question 15

Draw a diagram compare a monopoly vs. perfect competition, give a written explanation of their differences **[8 marks]**



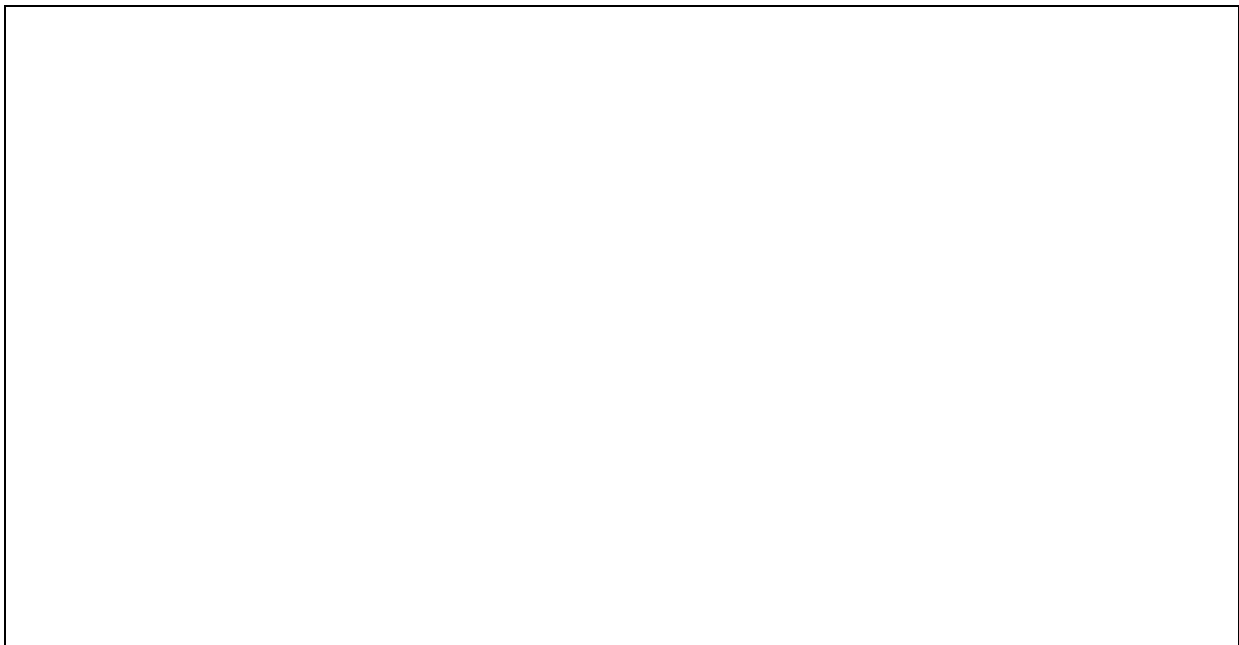
Question 16

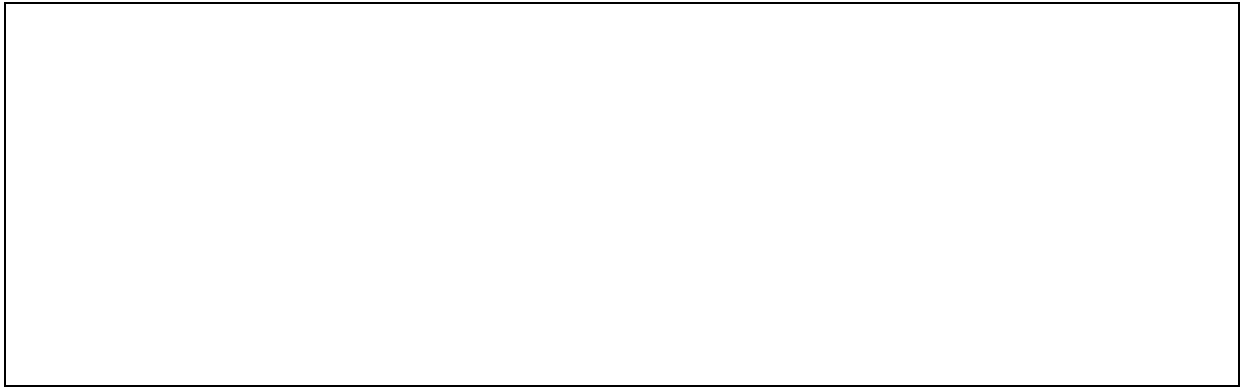
Draw a diagram of an oligopolist, and give a written explanation about the shape of AR [8 marks]



Question 17

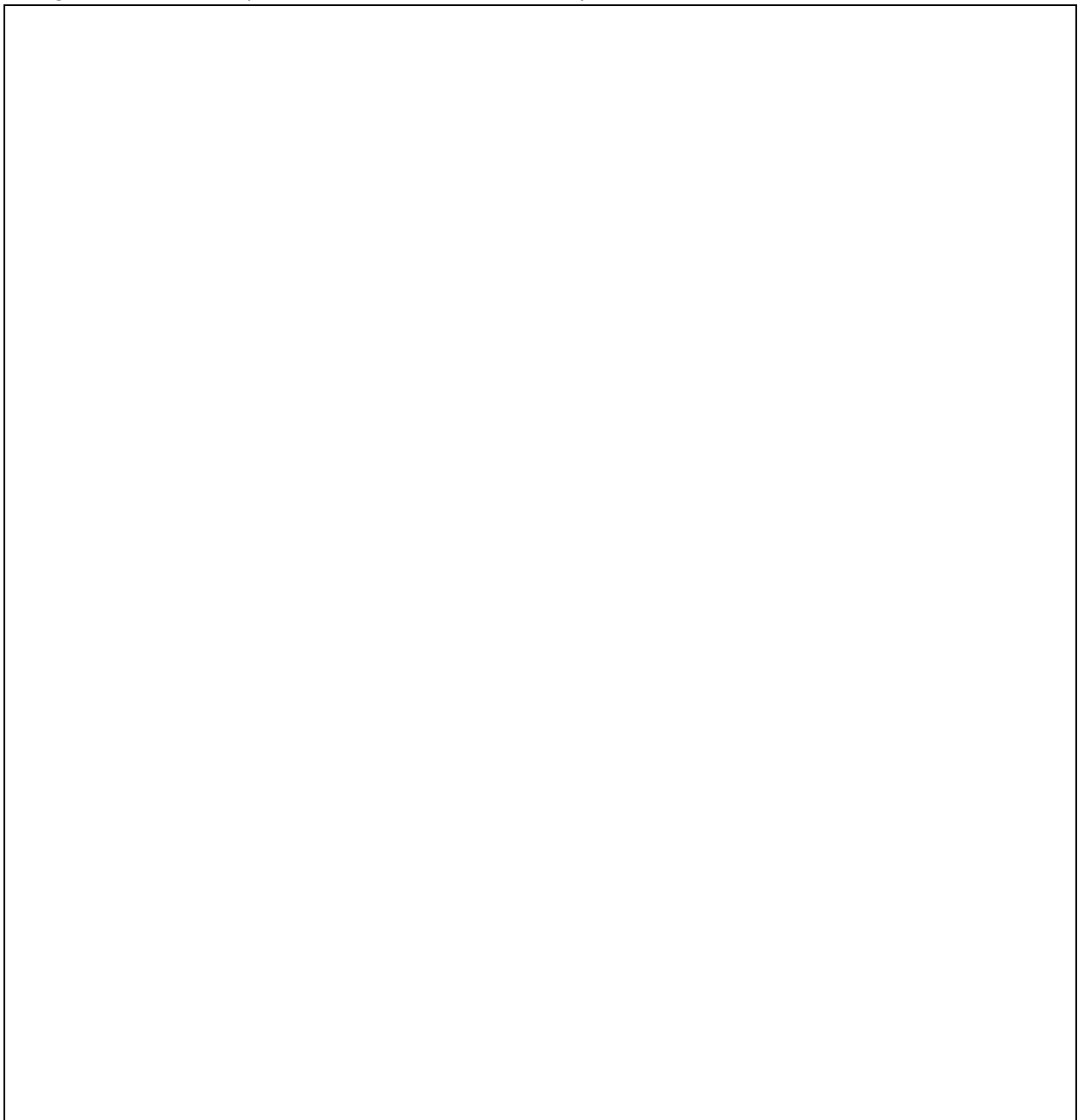
Draw a diagram of price discrimination, and identify the conditions necessary to effectively price discriminate [8 marks]





Question 18

Draw and explain the transition of a monopolistically competitive firm from the short run into long run equilibrium (include a written explanation) **[8 marks]**



Question 19

Draw a natural monopoly diagram **[4 marks]**



Question 20

Draw and explain how and why a natural monopolist makes losses if they were made to be allocatively efficient **[8 marks]**

