

3.8 Market Structure

Question Paper

Course	CIEIGCSE Economics
Section	3. Microeconomic Decision Makers
Topic	3.8 Market Structure
Difficulty	Medium

Time allowed: 70
Score: /55
Percentage: /100

Question 1

More agricultural markets come close to perfect competition than markets for manufactured goods and for services. The goals of business organisations can vary between markets, and within markets. In 2017, the Nigerian government used supply-side policy measures to influence the goals and performance of firms in a range of markets and to lower firms' average costs of production.

Identify two characteristics of a competitive market

[2 marks]

Question 2

Discuss whether or not competition is beneficial for airlines.

Refer to the [source material](#) in your answers.

[6 marks]

Question 3

Russia's birth rate fell by 11% in 2017 to its lowest level for a decade. Over the next 30 years, Russia's population is forecast to fall from 144 million to 107 million. The government announced measures to reverse this decline in population. In 2017, it also announced privatisation plans and measures to reverse a decrease in investment which could lead to a fall in the quantity of capital goods. Privatisation can reduce monopoly power in a market.

Discuss whether or not a government should allow monopolies.

[8 marks]

Question 4

In 2017, two firms in the chemical industry in China merged. This created the world's largest chemical group with approximately US\$100 billion revenue. The main aim of this integration was to control the domestic market for chemicals and fertilisers by creating a monopoly. The new firm is a multinational company (MNC) as it also produces in other countries such as Italy and Switzerland.

Discuss whether or not an economy benefits from firms which are monopolies.

[8 marks]

Question 5

Discuss whether or not a monopoly will charge high prices.

Refer to the [source material](#) in your answers.

[5 marks]

Question 6

The mobile (cell) phone industry is growing in Asia with more workers being employed. In March 2017, there was a merger between two mobile phone producers, both of which had relatively high fixed costs. This merger created one of the largest mobile phone firms and moved the Asian market further from perfect competition and closer to monopoly. It was expected that profits in the industry would increase as a result of the merger.

Explain two ways monopoly differs from a competitive market.

[4 marks]

Question 7

The price of gold rose in 2016. This encouraged owners of gold mines to employ more resources to increase the supply of gold. The level of competition in gold production varies in the different gold producing countries. A number of countries, including India, impose a tariff on imported gold.

Analyse how competitive market differs from monopoly.

[6 marks]

Question 8

Explain, using information from the extract, **two** reasons why the banking market in Morocco is not an example of a competitive market

Refer to the [source material](#) in your answers.

[4 marks]

Question 9

In the UK, bus journeys outside London have fallen by nearly 40% since 1980. This fall in demand has been largely due to a rise in bus fares, a rise in income and changes in the price and quality of substitutes. On some routes there are monopolies operating and this lack of competition can push up the price.

Explain **two** advantages a firm may gain from being a monopoly.

[4 marks]

Question 10

The production process in the oil industry is capital-intensive. The pollution it generates means it is one cause of environmental market failure. A Nigerian oil monopoly is starting to produce more environmentally friendly liquefied petroleum gas (LPG), rather than kerosene, in an attempt to reduce pollution. The Nigerian government intends to split the monopoly firm into separate companies to improve efficiency.

Discuss whether or not removing a firm's monopoly power will benefit consumers.

[8 marks]