

Name \_\_\_\_\_

## 8.2: A Monopolistic Market

1. List the 3 characteristics of a monopoly.

1.

2.

3.

2. Since a firm in a perfectly competitive market is a price taker, the firms in a monopolistic market is a(n) \_\_\_\_\_.

3. For what price does a monopolist search?

4. How does a monopolist know when it has found the right price?

5. Is it easier for a perfectly competitive firm or for a monopolist to determine price? Explain.

6. Is a monopolist guaranteed profits? Explain.

### Types of Monopolies

**For each of the barriers listed below, identify if it is market or a government barrier. Then describe how that barrier limits competition.**

7. Public Franchise \_\_\_\_\_

How does it limit competition?

8. Extremely low average costs \_\_\_\_\_

How does it limit competition?

9. Patent \_\_\_\_\_

How does it limit competition?

10. Copyright \_\_\_\_\_

How does it limit competition?

11. Exclusive ownership of a scarce resource \_\_\_\_\_

How does it limit competition?

12. The following example describes which legislative act. Company X promises to sell a scarce resource to company B only if company B buys other goods from company X.

13. The following example describes which legislative act. Company Y attempts to buy all the firms that compete with it.

14. The following example describes which legislative act. Your chief competitor, company Z, slashes prices on its products. Its new prices are much lower than the prices charged by any of its competitors in town. You and the other business owners in town accuse company Z of cutthroat pricing.