Karine CHAPELLE
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CONTRÔLE TERMINAL

THEORY ECONOMICS

Durée : 2h00

Portable téléphonique et ordinateur interdit

Pour les QCM, plusieurs réponses peuvent être parfois données.

Les réponses peuvent être données en français ou en anglais au choix de l'étudiant

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1) Gives the right definition of an intermediary good market (3 points)

1.a) An intermediary good market is a place where upstream firms can sell to consumers a certain intermediary good. This place may not be tangible.	☐	X
1.b) An intermediary good market is a place where upstream firms can sell to downstream firms a certain intermediary good. This place may not be tangible.	☐	✓
1.c) An intermediary good market is uniquely a tangible place where firms can sell to consumers this type of intermediary goods.	☐	X
1.d) An intermediary good market is a place where downstream firms can sell to upstream firms this type of intermediary goods. This place may not be tangible.	☐	X
1.e) An intermediary good market is uniquely a tangible place where upstream firms sell this type of intermediary good to downstream firms	☐	X
1.f) An intermediary good market is a non-tangible place where downstream firms sells a final good to consumers	☐	X
1.g) An intermediary good market groups firms that share the same technology and do not sell the same intermediary good.	☐	✓
1.h) An intermediary good market is a place that groups firms which do not share the same technology and do not sell the same type of intermediary good.	☐	X
1.i) An intermediary good market is a place where firms may not share the same technology and but sell the same intermediary good.	☐	X
1.j) An intermediary good market groups firms which do not share the same technology and do not sell the same type of intermediary good.	☐	X
1.k) An intermediary good market groups firms that may not share the same technology but may sell differentiated version of this intermediary good.	☐	✓

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2) Read the following statements and indicate what is true. <u>In perfect competition,... (3 points)</u>

2.a) A market is only composed of small firms	☐
2.b) A market is only composed of small households	☐
2.c) A market is composed of firms that are able to influence the market price and households that are unable to influence the market price	☐
2.d) A market is composed of households and firms that are unable to influence the price but have access to costly information.	☐
2.e) A market is composed of households and firms that are unable to influence the price and have free access to information.	☐
2.f) Firms take into account the consumers' price behaviour in their computation of profits.	☐
2.g) At equilibrium, the firm marginal cost equals its average revenue.	☐
2.h) At equilibrium, the firm marginal cost equals the market price.	☐
2.i) At equilibrium, the firm marginal cost equal its marginal revenue.	☐
2.j) At equilibrium, in the long term, firms may make losses.	☐
2.k) At equilibrium, in the long term, firms may make substantial profits.	☐
2.l) At equilibrium, in the long term, firms make no profit but no loss.	☐
2.m) At equilibrium, in the short term, firms never make losses.	☐
2.n) At equilibrium, in the short term, firms may make loss if the market price is the price is between the price of the threshold of firm profitability and that of the firm closing threshold.	☐
2.o) At equilibrium, in the short term, firms may make loss if the market price is the price is under the price of the firm closing threshold.	☐
2.p) At equilibrium, in the short term, firms may make substantial profits	☐
2.q) A competitive price is a price which enables the market supply to equal market demand.	☐
2.r) A competitive price is a price which enables to maximize the firm profits	☐
2.s) Firm fixes their supply in order to maximize their profits	☐
2.t) The consumers' surplus is not the maximum that consumers could get. There are market structures that would better serve their interest.	☐
2.u) The firm surplus is not the maximum that the firm get. There are market structures that would better serve its interest.	☐

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3) Present graphically the firm equilibrium and the market equilibrium when the price is above the minimum of the firm average cost? We will suppose that we are in perfect competition and in the short term. (4 points)

4) Present graphically the equilibrium of a private monopoly. (5 points)

4.a)You will suppose that the average cost curve has U-shape.

4.b) Do not forget to present the price and the quantity fixed by the monopoly as well as its profit

5) Present graphically the equilibrium of a public monopoly. You will suppose that the average cost curve has U-shape. (2.5 points)

5.a)You will suppose that the average cost curve has U-shape.

5.b) Do not forget to present the price and the quantity fixed by the monopoly as well as its profit

6) Present graphically the equilibrium of a private monopoly behaving like a competitive firm. You will suppose that the average cost curve has U-shape. (2.5 points)

6.a)You will suppose that the average cost curve has U-shape.

6.b) Do not forget to present the price and the quantity fixed by the monopoly as well as its profit