

## FINAL EXAM

### THEORY ECONOMICS

Duration : 2h00

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No documents are authorised

Questions can be answered in French

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1°) Why are the notions of market and industry different?

2°) Currently, the enterprise CIB-France produces 100,000 pen per month. The firm total cost for this level of production is equal to 500,000 euros. The market price of a pen is equal to 5 euros.

a) Compute CIB-France's profit. *mais*

b) The manager of CIB-FRANCE wants to double the production of pen for the next years. The firm accountant indicates that the additional cost to produce this production increase will be 300,000 euros. If you were the accountant of this firm, would you think it is in the interest of CIB-FRANCE to double its production if the market price stays at 5 euros?

c) The manager of CIB-FRANCE wonders if the firm should rather triple its level of production. If the market price stays at 5 euros, the accountant says no because the total cost of production will equal 1,500,000 euros. Do you agree with the accountant?

d) For each situation, compute the average and marginal costs.

3°) What are the different ratios that can be used to measure industrial concentration?

Application: Here are three industrial sectors

Firme	1	2	3	4	5	Total
Industry A	40	30	20	10	0	100
Industry B	30	25	20	15	10	100
Industry C	35	30	20	10	5	100

Compute the industrial concentration ratios for each industry. What can you conclude?