**RWS #15: Other Market Structures**

**Due for w/b 20th November 2017**

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| **GENERAL INSTRUCTIONS:**  *Please complete a revision worksheet summarizing the work from the last two to three weeks. The work should be taking you* ***up to 2 hours*** *to complete and should consist of a 1 A4 double paged summary based on the questions below. Please print out a double sided version to be handed in and marked on the date above (emails will not be accepted so make sure you are printing off your sheet before the lesson).*  *Remember to use all of the space over your two sides of A4 and make sure the ‘margins’ in Word are put as ‘narrow’. Feel free to reduce the size of the font if you are running out of space but nothing less than size 10. A better way to reduce would be to reread what you have written and try to be more succinct; it must fit onto two sides of A4 only!*  *You should be reading and using all the compulsory resources below (remember you will have already read an awful lot of these for homework and in class but there are a few extras I want you to read.*  *This revision worksheet should be taking you 2.25 to 3 hours…I suggest you spend 45 minutes writing up all your notes from class into a rough draft. Then, spend the next 45m-1.5hrs reading the compulsory resources and any extra information or clarifying concepts if you do not understand them. Then use the final 30-45 minutes to edit the work, make it look pretty and print it off.*  *When you hand in these revision worksheets, they are not speculative attempts to see if you understand the material; I am expecting you to have spent the time in and out of the classroom learning it. Thereforeo make use of the extra support available to you: (1) emails to Olly to seek clarification on specific points (2) Economics lunchtime workshop drop ins on Mondays, Wednesdays and Fridays in room 206 (3) 1-2-1 15 minute slot outside of lessons.*  *REMEMBER THAT IF YOU DO NOT HAVE A PRINTER AT HOME YOU MUST FIND TIME BEFORE THE LESSON TO PRINT IT OFF AT COLLEGE*  *ALSO MAKE SURE THAT AS WELL AS STORING A COPY ON A MEMORY STICK, YOU ALSO EMAIL YOURSELF SO THERE CAN BE NO COMPUTER ISSUES WHEN IT COMES TO PRINTING OFF YOUR WORK* |
| **SOURCES**  **Compulsory**   1. **TEXTBOOK (see GOL Library Page to download for free or buy online - £20-25):** pp 72-83 and 88-90 (possibly skim read through or look at areas you are unsure of…through the worksheets and class discussions we have covered the material in the textbook). 2. **NOTES:** Class and PREP homework notes (in your bag!) including department worksheets issued in class (available on GOL). Remember to include the PREP work as well! This is important for context and case studies. 3. **POWERPOINT:** See the powerpoint slides on GOL.   **EXTENSION (IF YOU HAVE TIME, TRY TO READ OR WATCH THESE)**   1. ARTICLES    1. Strategies of Oligopoly    2. Supermarket decline    3. Conestability and Transport    4. Competition in oligopolistic markets    5. Cartels case studies 1 and 2 2. Recommended Websites:    1. Economics Help Website    2. Tutor2U Website 3. Other specific resources?   **ALL OF THESE RESOURCES CAN BE FOUND ON GODALMING ONLINE – ANY ISSUES, EMAIL OLLY on** [**ods@godalming.ac.uk**](mailto:ods@godalming.ac.uk) |

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| **TITLE: RWS 15: *Other Market Structures***  **(1) The Theory of Contestability (1/2 side of A4)**   1. Define contestability and the concept of ‘Barriers to entry and exit’ using examples– make sure you draw a distinction between natural and artificial barriers to entry 2. Discuss whether the energy, grocery, rail, bus and airline industries are contestable or not (this might be most usefully done in a table with arguments on both sides)   **(2) Monopolistic Competition Market Structure (1/2 side of A4)**   1. Define this market structure, drawing on the main characteristics and use an example to illustrate your explanation. 2. Draw a costs and revenue diagram for the profit maximising monopolistic competitive firm in the short run. Explain why the demand curve is downward sloping and why the firm is able to earn abnormal profits in the short run and why this creates a deadweight loss. 3. Draw a costs and revenue diagram for the profit maximising monopolistic competitive firm in the long run. Why is the firm only earning normal profits now (HINT: Refer to what has happened on this diagram compared to the short run diagram above) and why it is still arguably statically inefficient (although evaluate this by explaining why the greater choice might lead to allocative efficiency – see the textbook pp 74 for discussions on this).   **(3) Oligopoly Market Structure (1 side of A4)**   1. Define Oligopoly and use examples from both the Grocery Market **AND** the Energy Market to highlight the key elements (i.e. barriers to entry, interdependence and a small number of larger firms in the industry) 2. Why does the characteristics of interdependence and uncertainty mean for analysing strategy in an oligopolistic market? 3. STRATEGY1: Price Competition. Define different pricing strategies such as ‘Predatory pricing’ and ‘Limit pricing’ and use the case study of the London Newspaper Market to help explain these terms. Also, to help with these explanations, draw a cost/revenue diagram for an oligopolistic firm employing a limit pricing or predatory pricing strategy. HINT: the firm will not be profit maximising but trying to achieve the lowest price possible…can you explain why? 4. STRATEGY2: Non-Price Competition. Explain how non-price competition might work in a market using examples. Draw and explain the kinked demand curve model (just draw the AR curve) to suggest why non-price competition is a common characteristic in oligopolistic markets. Then explain the problems with the kinked demand curve model. 5. STRATEGY 3: Collusion: Explain the difference between tacit and overt price collusion using examples. Draw a costs and revenue diagram to explain what collusion might mean to an oligopolistic market in terms of static efficiency. What are the advantages and disadvantages of collusion for an oligopolistic firm? 6. Provide an overview of the energy and supermarket industries. Explain what strategies have been adopted (or alleged to be adopted) by these industries with specific examples from the research you have collaborated on with your study buddy! |

**REMEMBER YOU NEED TO SUMMARISE THESE SUB-TITLES onto only 1 A4 PIECE OF PAPER (double sided – please use all available space; aim for narrow margins and make sure your fonts are not too big)**

**PLEASE DO NOT LEAVE THIS TILL THE LAST MINUTE. START IT EARLY AND THEN YOU CAN SEE ME IF THERE ARE ANY PROBLEMS**