**Own Learning questions**

These questions are designed for you to complete in your Study Periods. The aim is for you to consolidate your learning and identify any knowledge gaps. The outcome is a complete set of revision notes.

You can use the following resources to help you:

* Maths and Physics tutor (remember that you are following the Economics B syllabus!)
* Getting Started Guide (this is on XXXXXXX)
* Tutor2U website (google the topic area and Tutor2u as the site is difficult to navigate around!)
* Tutor2u Youtube channel
* Economicsonline.com
* Your class notes
* “Economics” by Alain Anderton
* The Anforme textbooks
* The CGP A-Level Economics revision guide

When you have completed each section of Own Learning Questions, why don’t you print them out and file them in the appropriate section of your folder? Have you hand written them? – that’s fine, but make sure that they are filed in your folder! We’ll be checking them!!!

Electronic copies of the questions are on XXXXXXXXX

**4.1 Competition and market power**

1. What is the “spectrum of competition”?
2. What does “imperfect competition” mean?
3. What are the characteristics of a monopoly?
4. How do monopolists gain market power?
5. What is a “natural monopoly”?
6. What are the characteristics of a market in oligopoly?
7. What are the characteristics of a market in “monopolistic competition”?
8. What are the indicators of a market that is in “perfect competition”?
9. How does the model of perfect competition help us to understand how markets work?
10. What are “allocative” and “productive” efficiency?
11. How does market structure impact on pricing strategies?
12. What are the factors that help determine the most appropriate strategy for a situation?
13. How can firms use non-price strategies to help gain competitive advantage?
14. What does “contestability” mean, and what are the features of contestable markets?
15. How does contestability impact on the behaviour of firms?
16. What factors can create barriers to entry?
17. What factors can create barriers to exit?
18. How do “sunk costs” reduce levels of contestability?
19. How do economies of scale create barriers to entry?
20. What is an example of a market in oligopoly?
21. What is a “concentration ratio”, and how is it calculated?
22. What does a high concentration ratio tell us?
23. What is the difference between a collusive and a non-collusive oligopoly?
24. What is the difference between tacit and overt collusion?
25. How does the Prisoners Dilemma help us understand the behaviour of firms in an oligopolistic market?
26. How does the Nash Equilibrium sum up the level of interdependence between firms?
27. What does the “kinked demand curve” tell us about the behaviour of firms?
28. What is a cartel, and why are they illegal in the UK?
29. Why is non-price competition so important in an oligopolistic market?
30. What are the pros and cons of operating in an oligopolistic market?
31. How and why does price discrimination occur in a monopolistic market, and how does this impact on consumers and producers?
32. What is the difference between a fixed and a variable cost?
33. Why are all costs variable in the long run?
34. How are Average Variable Costs (AVC) calculated?
35. How are Average Fixed Costs (AFC) calculated?
36. How are Average Total Costs (ATC) calculated?
37. What are Marginal Costs and how are they calculated?
38. What does the “law of diminishing marginal productivity” tell us, and how can we illustrate this?
39. What is Total Revenue, and how is it calculated?
40. How is Average Revenue calculated?
41. What is Marginal Revenue?
42. Why is profit maximisation important to firms?
43. When does profit maximisation occur, and how can this be illustrated?
44. Why is short-run profit maximisation likely to be an objective of PLCs?
45. What is the difference between normal profits and super-normal profits?
46. When do super-normal profits occur?
47. What is sales-maximisation, and why might this be an objective of firms?
48. What does “satisficing” mean, and when may it occur?
49. How might other objectives impact on pricing strategies?
50. What is productive efficiency, and how can it be achieved?
51. What is allocative efficiency, and how can it be achieved?
52. Why is “the margin” significant?
53. What is marginal utility, and what does the law of diminishing marginal utility tell us?
54. What how does being more productive reduce the average cost per unit?
55. How does this impact on consumers, firms and labour force?
56. How is productivity usually measured?
57. What does the term “human capital” mean?
58. How does productive efficiency impact on competitiveness?

**4.2 Market power and market failure**

1. How does collusion lead to lower consumer surplus, higher prices and greater profits?
2. Why is collusion more likely to happen in a market with few firms?
3. What does “consumer inertia” mean?
4. How does price leadership demonstrate market power?
5. What is a price war, and why are firms keen to avoid it?
6. Other than price, what tools can firms use in order to compete?
7. What creates monopsony power, and what are the characteristics of monopsonists?
8. What is a natural monopoly, and what are the classic examples to illustrate this?
9. What is the “labour market”, and who are the demanders and suppliers in this market?
10. How do trade unions impact on labour markets?
11. What is the CMA, what are its aims, and what is its role in markets?
12. How and why does the government intervene in monopoly markets?
13. How can monopoly markets fail?
14. How does privatisation, in theory, help improve economic efficiency?
15. How do trade unions counter-balance exploitative monopsony power?
16. What happens if wage rates increase too much?
17. How can we illustrate the perfectly competitive level of employment/wage rate?
18. What are the arguments for and against regulating markets?

**4.3 Market failure across the economy**

Markets may not produce outcomes which are always considered to be socially desirable. This may prompt governments to intervene in an attempt to change the outcomes.

1. What is the cause of market failure, and what happens to economic and social welfare as a result?
2. What is an “externality”
3. What is the cause of negative externalities, and why are de-merit goods overconsumed?
4. What are the creators of positive externalities, and why are merit goods under-consumed?
5. What are the problems with judging the monetary value of an externality?
6. What is “factor mobility”, and why is a flexible labour force vital for an economy?
7. What are the characteristics of public goods, and why are they under-consumed?
8. What are the characteristics of private goods?
9. How does asymmetric information lead to a mis-allocation of resources?
10. What is the difference between private and social costs?
11. What is the difference between private and social benefits?
12. What is marginal social benefit, and how is it calculated?
13. What are environmental externalities, and how does “The Tragedy of The Commons” illustrate environmental issues and responsibilities?
14. Why do governments intervene in markets?
15. How do indirect taxes control consumption of de-merit goods, what are the types of indirect tax that government can use, and how can their effects be illustrated?
16. How do subsidies encourage the consumption of merit goods, and how can their impact be illustrated?
17. What are Tradeable Permits, and what are the pros and cons of their implementation?
18. What are the pros and cons of the State providing merit goods such as education and healthcare?
19. What is the purpose of regulation, and what are the possible impacts?

**4.4 Macro-economic policies and impact on firms and individuals**

1. What are the components of Aggregate Demand, how important is each individual component, and what influences them?
2. Why does the AD curve slope downwards, and what factors shift it to the right and to the left?
3. What is Aggregate supply, and how is it illustrated in the short run (SRAS) and in the long run (LRAS)?
4. What factors shift SRAS either to the right or to the left?
5. Why is LRAS inelastic?
6. What factors influence the movement of LRAS?
7. What happens at full capacity output?
8. What is the multiplier effect, and does the AS/AD model illustrate it?
9. How does the AS/AD model help us understand the economy?
10. What is the difference between monetary and fiscal policy, and do these impact on AD or AS?
11. What are the different monetary policy instruments, who controls monetary policy, and what are its limitations?
12. What are the different fiscal instruments that government can implement, and how can they have an expansionary and a contractionary/deflationary effect?
13. What are the limitations of fiscal policy?
14. What is the trade-off between inflation and unemployment, and how can we illustrate this relationship using the Phillips curve?
15. What is the trade-off between economic growth and inflation?
16. What is the trade-off between economic growth and a healthy current account?
17. What is the trade-off between economic growth and controlling the governments deficit?
18. What is the trade-off between economic growth and the environment?
19. What problems does government have when controlling the macro-environment, what possible unintended consequences may arise as a result of the implementation of policy?
20. What is a supply-side policy, and what’s the difference between a market-based and an interventionist method?
21. What are the different market based and interventionist methods at the disposal of the government?
22. How can we illustrate the impact of supply-side policies using both the Keynsian and Classical models?
23. What are the potential trade-offs and conflicts when applying macro economic policies?

**4.5 Risk and the financial sector**

1. What are the differences between “risk”, “uncertainty” and “shocks”?
2. What are the difference between currency, commodity, and forward markets?
3. How does insurance help to minimise risk and uncertainty?
4. What is the role of the financial sector?
5. What is the role of the central bank in our economy?
6. What factors contributed towards the 2007/8 financial crisis?
7. How and why are the banks regulated in the UK?
8. How does the banking sector impact on individuals, firms and governments?