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2. (a) *An oligopoly is a market structure in which a few firms dominate the market.*
- (i) Describe how firms in this market structure compete with each other.
  - (ii) Discuss the advantages and disadvantages of oligopoly as a market structure. [30]

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- (b) (i) Explain, using a clearly labelled diagram, the long-run equilibrium of a firm operating under oligopoly conditions.
- (ii) With reference to the 'kinked' demand curve drawn in part (i) above, explain the rationale for **'price rigidity'**. [25]

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- (c) *'Motor insurance providers in Ireland targeted in anti-cartel inquiry.'*  
(Source: *The Irish Times*, July 2017)
- (i) Explain the likely effects on consumers if collusion (e.g. cartel agreement) existed in the motor insurance industry.
  - (ii) Suggest **two** measures the government could consider to discourage anti-competitive practices in industry. Explain your answer. [20]

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2. *Cadbury, Mars and Nestlé dominate the chocolate industry in the European Union.*
- (a) (i) State a market structure which most closely reflects the situation above, giving a reason for your answer.
- (ii) Outline **two** other key characteristics of this market structure.
- (iii) Explain, with the aid of a labelled diagram, the likely shape of the demand curve in this market structure. [35]
- (b) (i) If a large US chocolate manufacturer entered the EU chocolate market, outline the possible economic impacts of greater competition in this market.
- (ii) Outline **two** factors which could make it difficult for this US chocolate manufacturer to enter the EU chocolate market. [25]
- (c) Explain why small firms succeed in some markets while other markets are dominated by large firms. [15]
- [75 marks]**

4. *A high concentration ratio is a key feature of an Oligopolistic Market.*

(a) Explain this statement and give **one** example.

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(b) Outline two ways oligopolists behave in the market:

(i) \_\_\_\_\_

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(ii) \_\_\_\_\_

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**(16 marks)**

4. (a) Collusion may be a feature of an oligopolistic market. Explain what is meant by 'collusion'.

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(b) Collusive practices may be undermined by price wars. Outline **two** benefits of price wars for the consumer.

(i) \_\_\_\_\_

(ii) \_\_\_\_\_

**(16 marks)**

2. (a) *Some Telecoms' analysts believe the main mobile operators in Ireland – Vodafone, O2, Meteor and 3 – control an oligopoly and have little reason to make the market really competitive.* (The Irish Times, November, 2010)
- (i) Outline **three** key features of an oligopolistic market.
- Firms in an oligopolistic market may have objectives other than profit maximisation.
- (ii) Outline **two** objectives firms in oligopoly may have, other than achieving the maximum level of profits. (25)
- (b) Using **one** clearly labelled diagram:
- (i) Explain the shape of the 'kinked' demand curve facing a firm in oligopoly.
- (ii) Explain the long run equilibrium position of this firm. (25)
- (c) It is suggested that consumers prefer price competition in the market place, yet there are benefits for consumers arising from non-price competition.
- (i) Explain **two** reasons why consumers may prefer price competition.
- (ii) Describe **two** benefits to consumers of non-price competition. (25)
- [75 marks]**

2. (a) State and explain **THREE** key features of an **oligopolistic market**. (15 marks)
- (b) With the aid of **ONE** clearly labelled diagram:
- (i) Explain the shape of the 'kinked demand curve' under oligopoly.
- (ii) Explain the long run equilibrium position of a firm facing a 'kinked demand curve'.
- (iii) Explain what is meant by the term 'rigidity of prices' under a 'kinked demand curve'. (35 marks)
- (c) (i) Explain **THREE** types of collusion which may occur in an oligopolistic market.
- (ii) Do you believe that the Irish retail market for banking services (e.g. personal current accounts.) operates under oligopolistic conditions? Explain your answer. (25 marks)
- [75 marks]**

