

1. Briefly state the basic characteristics of pure competition, pure monopoly, monopolistic competition and oligopoly. Under which of these classifications does each of the following businesses most adequately fit? (a) Safeway supermarket; (b) the US Steel industry; (c) First National Bank of Anchorage; and the (d) Airline Industry. Please justify your answer.
2. Clearly differentiate between Normal Profits and Economic Profits.
3. What are some of the causes of Monopoly or Monopoly Power? Would you classify De Beer's Corporation as a Monopoly? Please justify your answer.
4. Discuss the major barriers to entry in the automobile industry. Explain how each barrier can foster either a monopoly or oligopoly?
5. Explain the economic concept of "Price Discrimination".
6. In the real world how do firms in monopolistically competitive market maximize profits?
7. Why is it that firms in a monopolistically competitive market only earn a "normal profit" and not an "economic profit"?
8. Explain the basis difference between a "Horizontal and a Vertical Merger". Give an example of each.
9. Explain the concept of "Mutual Interdependence". How realistic is this concept on the aviation industry.
10. Explain some of the obstacles to collusion in an oligopolistically competitive market.
11. Why do oligopolies exist? List five oligopolies whose products you own or regularly buy.
12. Clearly differentiate between Homogeneous and Differentiated Oligopolies.
13. Why is there so much advertising in monopolistic competition and oligopoly? How does such advertising help customers and promote efficiency? Why might it might be excessive at times?
14. What firm dominates the US beer industry? What demand and supply factors have contributed to "fewness" in this industry?
15. What economic factors have let to large losses and many bankruptcies in the oligopolistically aviation industry?
16. What have been the primary causes for US mergers, acquisitions and buyouts in the last two decades?
17. Should the US Government and the Department of Justice use anti-trust law arsenal to break up large corporations to promote more domestic competition and lower prices to American consumers? Defend your position on this matter.
18. What economic policies would you recommend to close the wide income disparity in the United States? Please be specific.
19. Should the United States government regulate or set up a windfall income tax for individuals who earn excessive amounts of money? Some examples are: Mr. George Lucas earned \$ 235, 000,000 (Star Wars); Ms. Oprah Winfrey

earned \$ 225,000,000 as a talk show host; and Mr. Tiger Woods earned \$ 90,000,000 as professional golfer. Also remember the President of the United States earns only \$ 400,000 per year. Please be specific in your answer.

20. In order to stabilize and lower the United States Trade Deficit, should the United States Congress be more aggressive in enacting tariffs, quotas or non-tariff barriers against countries such as China (Trade Deficit - \$232,000,000,000). If not, what do you propose?
21. Should the United States government subsidize or directly regulate or set up a National Health Care System to significantly reduce the 46,000,000 Americans who do not have any health care insurance. Please be specific in your analysis.
22. In order to revitalize (higher national test scores, produce more scientists, engineers and doctors) the United States Educational System, should the United States government and the respective State governments pay teachers (primary and secondary) more money to get better teachers into the educational system. The average teacher in the United States get paid approximately \$32,500 per year.