Multiple Choice (11 points each)

1. Which of the following may characterize an oligopoly?
   A) A few firms.
   B) High barriers to entry.
   C) Significant market power.
   D) All of the above.

2. The study of decision making in situations where strategic interaction between rivals occurs is known as:
   A) Oligopolistic theory.
   B) Market power theory.
   C) Game theory.
   D) Competitive theory.

3. The pricing strategy in which there is an explicit agreement among producers regarding price is called:
   A) Price discrimination.
   B) Price fixing.
   C) Price leadership.
   D) Marginal cost pricing.

4. The pricing strategy in which one firm is allowed to establish the market price for all firms in the market is called:
   A) Price discrimination.
   B) The profit-maximizing rule.
   C) Price leadership.
   D) Marginal cost pricing.

5. Open and explicit agreements concerning pricing and output shares transform an oligopoly into:
   A) Monopoly.
   B) Cartel.
   C) Differentiated oligopoly.
   D) Perfectly competitive firm.

6. Which of the following functions as a barrier to entry into an oligopoly market?
   A) Patents.
   B) The expense involved in nonprice competition.
   C) Control of distribution outlets.
   D) All of the above.
7. Which of the following characterizes monopolistic competition?
A) Many interdependent firms sell a homogeneous product.
B) A few firms produce a particular type of product.
C) Many firms produce a particular type of product, but each maintains some independent control over its own price.
D) A few firms produce all of the market supply of a good.

8. Product differentiation refers to:
A) Features that make one product appear different from competing products in the same market.
B) Different prices for the same product in a certain market.
C) The selling of identical products in different markets.
D) The charging of different prices for the same product in different markets.

9. Which of the following market structures will have only normal profit in the long run?
A) Monopoly.
B) Duopoly
C) Monopolistic competition.
D) Oligopoly.

10. Firms in a monopolistically competitive market will:
A) Produce efficiently.
B) Make economic profits in the long run.
C) Use the profit-maximizing rule $MC = MR$.
D) None of the above.