Unit 4.1 Introduction to Imperfectly Competitive Markets

AP Microeconomics Homework — Past Exam Questions Only — 6 Questions

MCQ — Past Exam Questions

1. 2022 AP Micro MCQ Q21

Imperfectly competitive markets do not achieve allocative efficiency because profit maximization for each firm occurs when which of the following is true?

(A) Price equals average total cost.

(B) Price is greater than marginal cost.

(C) Price equals marginal revenue.

(D) Price is less than marginal benefit.

(E) Price is less than marginal revenue.

2. 2023 AP Micro MCQ Q36

Which of the following best represents the most distinctive characteristic of an oligopoly?

(A) A market with a single firm that faces no competition

(B) A market where a few firms have significant market share

(C) A market with low barriers to entry

(D) A market with many firms selling differentiated products

(E) A market with many firms earning zero economic profits in the long run

3. 2024 AP Micro MCQ Q27

Akeilah has received a patent for a new device that gives her the exclusive right to produce it. Which characteristic of imperfectly competitive markets is being described?

(A) Barriers to entry

(B) Economies of scale

(C) Mutual interdependence

(D) Price discrimination

(E) Collusion

4. 2024 AP Micro MCQ Q46

Which of the following is a difference between monopolies and firms in monopolistic competition?

(A) Firms in monopolistic competition can earn negative economic profit in the short run, but monopolies cannot.

(B) Firms in monopolistic competition set marginal revenue equal to marginal cost to maximize profit, but monopolies do not.

(C) Firms in monopolistic competition produce the socially optimal quantity of output in the long run, but monopolies do not.

(D) Monopolies charge a price that is greater than marginal cost, but firms in monopolistic competition do not.

(E) Monopolies can earn positive economic profit in the long run, but firms in monopolistic competition cannot.

5. 2025 AP Micro MCQ Q24

Which of the following differentiates a profit-maximizing firm in a perfectly competitive market from a profit-maximizing firm in an imperfectly competitive market?

	A firm in a perfectly competitive market	**A firm in an imperfectly competitive market**
(A)	is a price maker	is a price taker
(B)	minimizes average total cost in the short run	maximizes total revenue in the short run
(C)	earns zero economic profit in the short run	does not earn economic profit in the short run
(D)	produces where price equals marginal cost	produces where price is greater than marginal cost
(E)	produces in the elastic region of its demand curve	produces in the inelastic region of its demand curve

6. 2025 AP Micro MCQ Q34

Initially, Markus Corporation is the only firm that produces aluminum. The government breaks up Markus' monopoly, creating two firms in its place. The long-run average total cost for each firm is higher than if Markus operated alone in the industry. This would suggest that before the breakup, Markus Corporation was operating under conditions of

(A) monopolistic competition

(B) Nash equilibrium

(C) decreasing returns to scale

(D) economies of scale

(E) diseconomies of scale