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**College of Administrative and Financial Sciences**

**Assignment-3**

**Deadline: 08/04/2021 @ 23:59**

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| --- | --- |
| Course Name: Microeconomics | Student’s Name: |
| Course Code: ECON101 | Student’s ID Number: |
| Semester: I | CRN:22607 |
| Academic Year: 1441/1442 H | |

**For Instructor’s Use only**

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| --- | --- |
| Instructor’s Name: Dr Jihen Bouslimi | |
| Students’ Grade: / **5** | Level of Marks: High/Middle/Low |

**Instructions – PLEASE READ THEM CAREFULLY**

* The Assignment must be submitted on Blackboard (**WORD format only**) via allocated folder.
* Assignments submitted through email will not be accepted.
* Students are advised to make their work clear and well presented, marks may be reduced for poor presentation. This includes filling your information on the cover page.
* Students must mention question number clearly in their answer.
* Late submission will NOT be accepted.
* Avoid plagiarism, the work should be in your own words, copying from students or other resources without proper referencing will result in ZERO marks. No exceptions.
* All answered must be typed using **Times New Roman (size 12, double-spaced)** font. No pictures containing text will be accepted and will be considered plagiarism).
* Submissions without this cover page will NOT be accepted.

**Assignment 3**

1. Explain the effects of low price-guarantee on the price. (1.5 Marks)
2. Give reasons, when average cost increases as the total output increases for an increasing cost industry. (1.5 Marks)

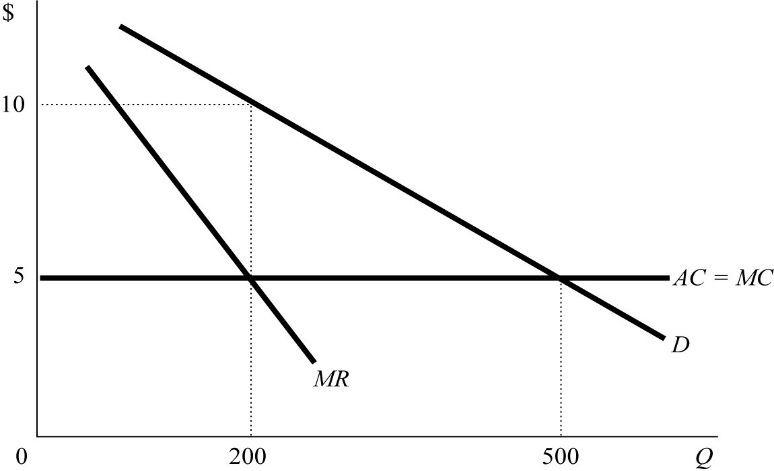


Figure shows the market for a successful price-fixing arrangement (cartel) between two identical firms. When the two firms act like one and charge the same price (2 Marks)

1. What will be the market price?
2. How much each firm will produce and sell quantity?

Write a one to two-page paper, addressing the following:

a. Describe in your own words the concept of market power.

b. What are the three reasons that a market might have a Monopoly?

c. Give an examples of two monopoly Firm exercising its market power.