

Outline some of the issues regarding the assumptions of perfect competition:

What is meant by each of the following types of efficiency?

Productive	
Allocative	
Dynamic	

With reference to your perfect competition diagrams, state whether firms in perfect competition have each type of efficiency in both the short run and the long run.

	Short Run	Long Run
Productive		
Allocative		
Dynamic		



Outline some of the benefits / advantages of competition:

Outline some of the reasons why markets, in reality, are usually imperfectly competitive:

Finally, have a go at this question:

Tim Harford writing in 2017 discusses the rise of the "Superstar Firm". Across industries in the US, markets are becoming more concentrated. In many ways this should be surprising. As economies grow, it is reasonable to expect that markets become more like perfect competition of the textbook. Deregulation and globalisation should allow more competition and make it harder for dominant firms to maintain their position. Why hasn't this happened? The simple answer is that large firms are very good at what they do, and competition is an opportunity not a threat.

<https://www.ft.com/content/1ef8be8e-3bae-11e7-ac89-b01cc67cfeec>

Has technological progress and other market changes meant that perfect competition has become a more, or less realistic assumption?

