

**Assignment 2: The Theory of the Firm, Labor Markets, and Imperfect Information**

Due Week 8 and worth 200 points

Write a three to four (3-4) page paper in which you:

1. Discuss what is "monopolistic" about monopolistic competition and the difference between perfect competition and monopolistic competition.
2. Movie theaters charge differing prices to adults, children, and students; additionally, most theatres charge lower prices for afternoon showings. Discuss this pricing strategy and how it can maximize profits for the movie theater.
3. When you apply for an insurance policy, such as life insurance or health insurance, the insurance company will require you to get a physical examination. The results of the physical exam are shared with the insurance company. Explain why insurance companies may require applicants to receive a physical exam using the concept of adverse selection.
4. Include three (3) external peer-reviewed sources to support your position.

Your assignment must follow these formatting requirements:

- Be typed, double spaced, using Times New Roman font (size 12), with one-inch margins on all sides; references must follow APA or school-specific format. Check with your professor for any additional instructions.
- Include a cover page containing the title of the assignment, the student's name, the professor's name, the course title, and the date. The cover page and the reference page are not included in the required page length.

The specific course learning outcomes associated with this assignment are:

- Explain the relationship between cost and profit, and the elements that affect production and output in the short term and the long term
- Compare and contrast monopolistic competition and oligopoly.
- Analyze transaction costs, imperfect information, and behavior economics.
- Use technology and information resources to research issues in microeconomics.
- Write clearly and concisely about microeconomics using proper writing mechanics.

Grading for this assignment will be based on answer quality, logic/organization of the paper, and language and writing skills, using the following rubric.

<b>Points: 200</b>		<b>Assignment 2: The Theory of the Firm, Labor Markets, and Imperfect Information</b>			
<b>Criteria</b>	<b>Unacceptable Below 60% F</b>	<b>Meets Minimum Expectations 60-69% D</b>	<b>Fair 70-79% C</b>	<b>Proficient 80-89% B</b>	<b>Exemplary 90-100% A</b>
1. Discuss what is "monopolistic" about monopolistic competition and the difference between perfect competition and monopolistic	Did not submit or incompletely discussed what is "monopolistic" about monopolistic competition and the difference	Insufficiently discussed what is "monopolistic" about monopolistic competition and the	Partially discussed what is "monopolistic" about monopolistic competition and the difference	Satisfactorily discussed what is "monopolistic" about monopolistic competition and the	Thoroughly discussed what is "monopolistic" about monopolistic competition and the