3 Firms and markets – Part 2 — Answers

Answers

Work through these after trying the questions yourself.

3.6 A business that makes goods or provides services (to earn a profit).
3.7 Profit = revenue − costs.
3.8 Wages, materials, or rent (any one).
3.9 A market with only one seller.
3.10 Perfect competition.

3.11 With **no competition**, the monopoly can charge **higher prices** (customers have nowhere else to go) and has **less reason to improve quality** or choice — both bad for customers.