3 Firms and markets – Part 2

Name: _____ Class: _____ Date: _____

Vocabulary

Write each word three times.

English	**Write it 3 times** (English)		
firm			
profit			
competition			
monopoly			

Recall

A **firm** is a business that makes goods or provides services to earn a profit.

New ideas

Read these first, then do the Practice.

■ 1 A firm's profit

revenue (from sales)

− costs (wages, materials)

= profit

A firm tries to earn a **profit** (and may also aim to grow or simply to survive).

2 Types of market

Markets differ by how much **competition** there is:

A **monopoly** is a market with only one seller.

Watch out: a firm's **profit** = revenue − costs. Markets vary by **competition**: a **monopoly** has *one* seller (more power, often higher prices), while **perfect competition** has *many* sellers (more choice, lower prices).

Practice

Try these in order.

3.6 What is a *firm*? [1]

3.7 How does a firm work out its profit? [1]

3.8 Give one cost a firm might have. [1]

3.9 What is a *monopoly*? [1]

3.10 In which market is there more competition – a monopoly or perfect competition? [1]

3.11 Challenge. A monopoly is the only seller of a product. Explain one disadvantage this can bring for customers. [2]