

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.