

# 3 Firms and markets – Part 2

Name: \_\_\_\_\_ Class: \_\_\_\_\_ Date: \_\_\_\_\_

## Vocabulary 词汇

Write each word three times. 把每个单词抄写三遍。

| English     | 中文 | Write it 3 times (English) |
|-------------|----|----------------------------|
| firm        | 企业 | _____                      |
| profit      | 利润 | _____                      |
| competition | 竞争 | _____                      |
| monopoly    | 垄断 | _____                      |

## Recall

A **firm** 企业 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

$$\begin{array}{r} \text{revenue (from sales)} \\ - \text{costs (wages, materials)} \\ \hline = \text{profit} \end{array}$$

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

### ■ 2 Types of market

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



A **monopoly** 垄断 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. <sup>[2]</sup>