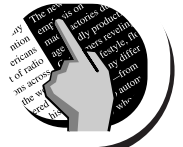


Section 1: Guided Reading and Review

Perfect Competition



A. As You Read

As you read Section 1, supply the missing cause or effect in the spaces provided.

The Perfect Market Structure	
<p>1. Cause: _____ _____</p>	<p>1. Effect: The market determines price without influence from suppliers or consumers.</p>
<p>2. Cause: _____ _____</p>	<p>2. Effect: Identical products are key to perfect competition.</p>
<p>3. Cause: Entrepreneurs are less likely to enter a market with high start-up costs.</p>	<p>3. Effect: _____ _____</p>
<p>4. Cause: Sometimes firms cannot make enough to stay in business.</p>	<p>4. Effect: _____ _____</p>
<p>5. Cause: _____ _____</p>	<p>5. Effect: Prices are forced down to the point where they just cover the seller's costs of doing business.</p>
<p>6. Cause: _____ _____</p>	<p>6. Effect: Producers adjust their output decisions based on their most efficient use of available land, labor, and capital.</p>

B. Reviewing Key Terms

Briefly define or identify each of the following.

7. perfect competition _____

8. commodity _____

9. barrier to entry _____

10. start-up costs _____

Section 2: Guided Reading and Review

Monopoly



A. As You Read

As you read Section 2, supply the missing information in the spaces provided.

In the Monopolist Market

Natural Monopolies

1. Why they exist _____

2. Two examples _____

3. Advantage of _____

4. Government role in _____

Government Monopolies

5. Type set up by patents _____
6. Why government grants patented monopolies _____
7. Example of an industrial monopoly _____
8. Two examples of government monopolies by license _____

Production and Pricing

9. Effect of a monopolist's price increase _____

10. Relationship between price and marginal revenue when a monopolist cuts the price to sell more _____

11. How a monopolist maximizes profits _____

B. Reviewing Key Terms

Complete each sentence by writing the correct key term in the blank.

12. In a market with only one seller, that seller has a _____.
13. Characteristics that cause a producer's average cost to drop as production rises are _____.
14. A contract issued by a local authority that gives a single firm the right to sell its goods within an exclusive market is a _____.
15. A monopoly offering targeted discounts is practicing _____.

Section 3: Guided Reading and Review

Monopolistic Competition and Oligopoly



A. As You Read

As you read Section 3, fill in the information requested on the charts.

Monopolistic Competition Market Structures	
Defining Conditions	1. _____ 2. _____ 3. _____ 4. _____
Forms of Nonprice Competition	5. _____ 6. _____ 7. _____ 8. _____
Price-Output Relationship	9. _____
Curbs on High Profits	10. _____ 11. _____
Consumer Advantages	12. _____
Oligopoly	
Conditions Encouraging Formation	13. _____ 14. _____ 15. _____
Practices that Concern Government	16. _____ 17. _____ 18. _____

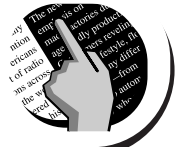
B. Reviewing Key Terms

Read the statements below. In the space provided, write T if the statement is true or F if it is false.

- ____ 19. Firms selling identical products create *monopolistic competition*.
- ____ 20. Providing better customer service, introducing a new lipstick color, and sophisticated advertising are examples of *nonprice competition*.
- ____ 21. *Price fixing* is an outcome of collusion.
- ____ 22. A *cartel* is most successful when each member produces as much product as possible.

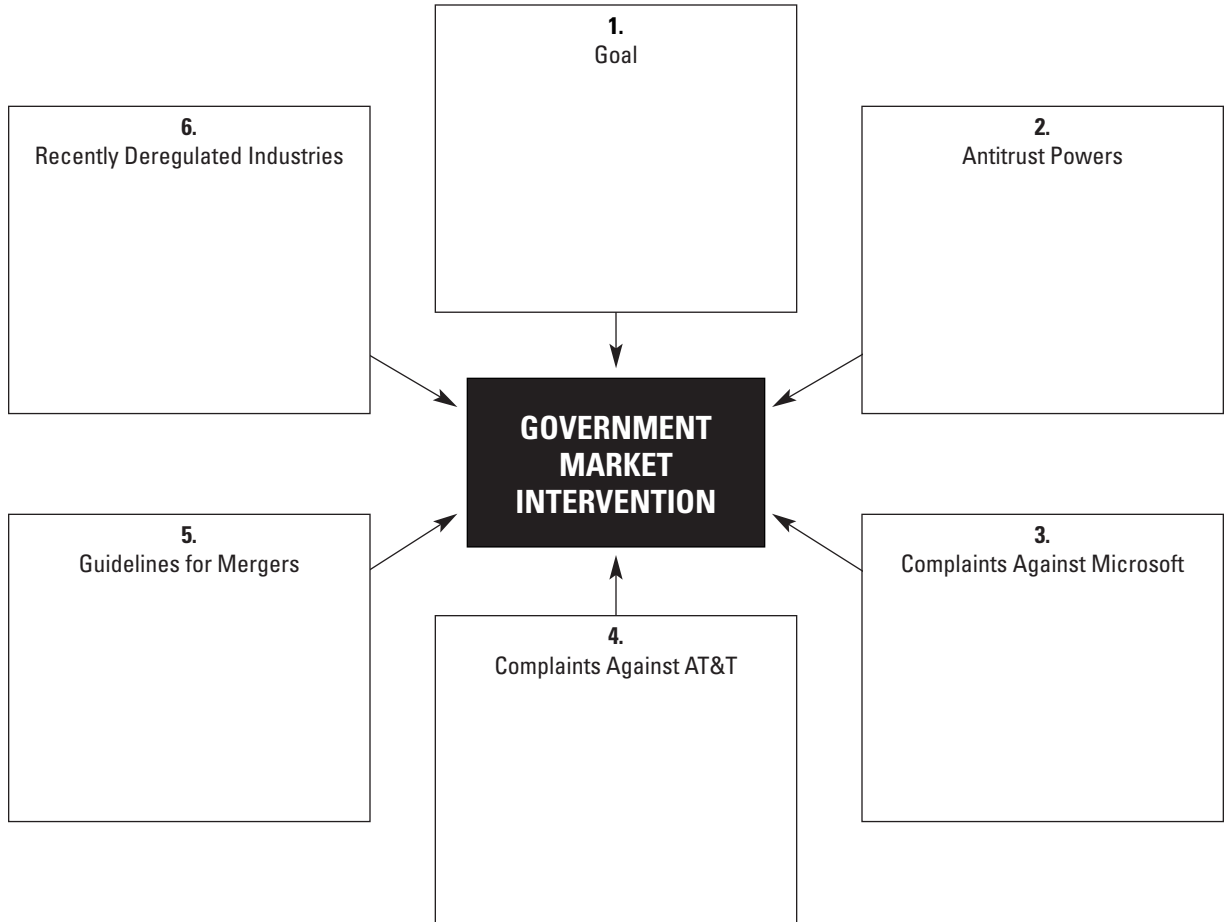
Section 4: Guided Reading and Review

Regulation and Deregulation



A. As You Read

As you read Section 4, supply the missing information about government market intervention in the numbered web boxes.



B. Reviewing Key Terms

Use a key term to rewrite each sentence correctly.

7. *Price fixing* is the practice of setting the market price below cost for the short term to drive competitors out of business. _____

8. A *monopoly* occurs when a company joins with another company to form a single firm.

9. *Perfect competition* means that the government no longer decides a company's market role and pricing. _____
