

Models of Competition

Unit 3: Models of Competition, Business Organization, Labor

Part 1: Perfect Competition and Monopoly

Define **Models of Competition**. _____

What are **Models of Competition** also known as? _____

Define **Perfect Competition**. _____

Four Conditions for Perfect Competition:

1. Many Buyers and Sellers

2. Identical Products

3. Informed Buyers and Sellers

4. Free Market Entry and Exit

What is an example of **Perfect Competition**? _____

Are there many perfectly competitive businesses? _____

Define **Barriers to Entry**. _____

Define **Start-up Costs**. _____

How can **Technology** be a **barrier to entry**? _____

Define **Monopoly**. _____

When do **Monopolies** form? _____

What advantages do **Monopolies** have? _____

In the United States most monopolies are _____

What is a **Natural Monopoly**? Give an example. _____

What is a **Patent**? _____

What is an **Industrial Monopoly**? Give an example _____

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Part 2: Monopolistic Competition and Oligarchy

Define **Monopolistic Competition**

Explain the **four conditions of Monopolistic Competition**.

1. Many Firms

2. Few Artificial Barriers to Entry

3. Slight Control over Price

4. Differentiated Products

Are there many **Monopolistically competitive** businesses? _____

What is **Nonprice Competition**? _____

Explain the **four types of Nonprice Competition**.

1. Characteristics of Goods

2. Location of Sale

3. Service Level

4. Advertising Image

Define **Oligopoly**.

Define **Collusion**. _____

Define **Price Fixing**. _____

Define **Cartel**. Give an example. _____

Define **Market Power**. _____

What forms of competition have great market power?

What forms of competition have little market power?

Define **Predatory Pricing**. _____

Define **Antitrust Laws**. _____

Explain the **four forms of antitrust laws**.

1. Regulating Business Practices _____

2. Breaking Up Monopolies _____

3. Blocking Mergers _____

4. Preserving Incentives _____

Define **Deregulation**. _____

What are the **benefits** of Deregulation? _____

What are the **negatives** of Deregulation? _____
