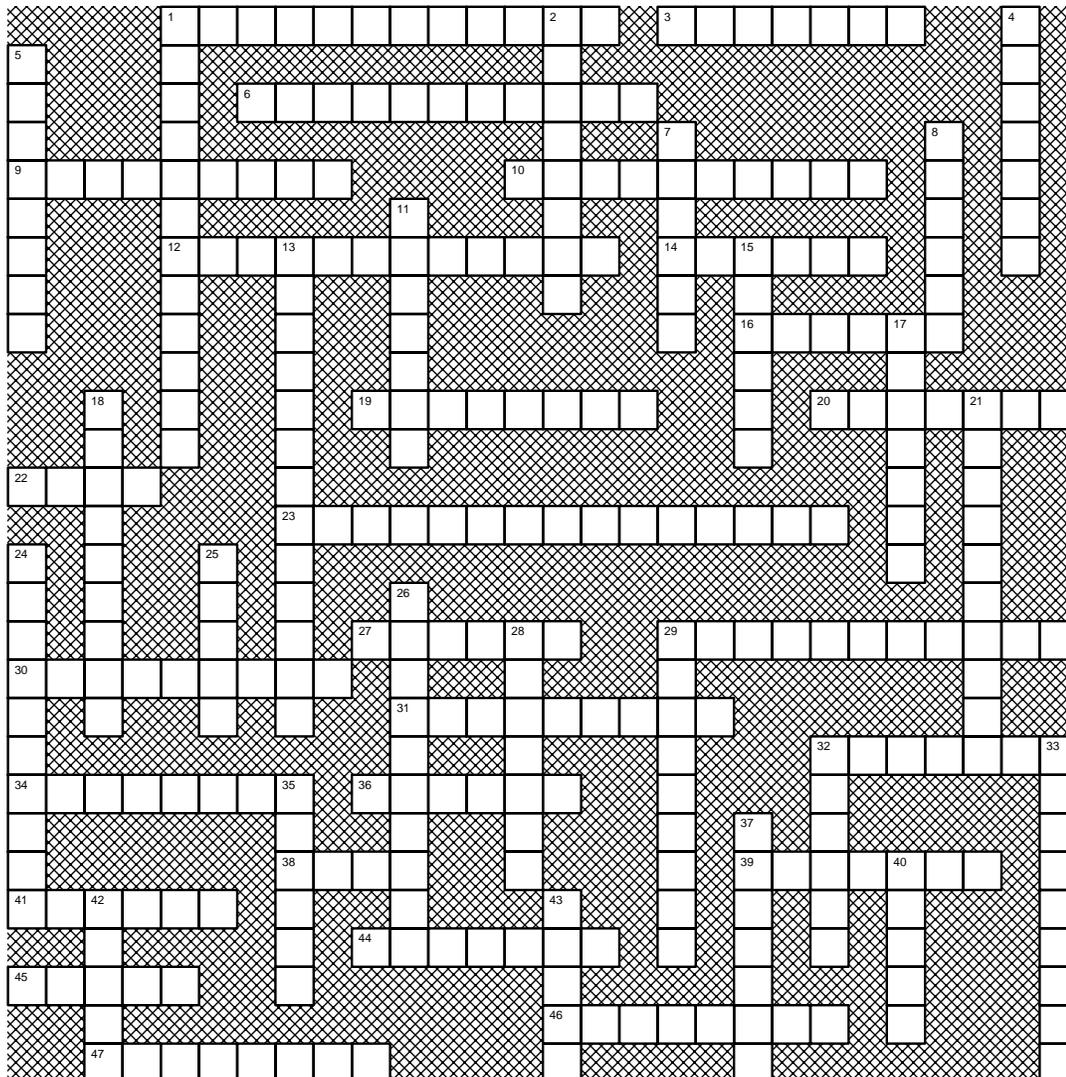


NAME: _____

Pure Competition Puzzle

[M&B chapter 23]



Across

1. Pure (or perfect) competition is characterized by a ____ product.
3. One industry that exemplifies pure competition is the ____ (salmon, lobsters, etc.) industry.
6. In pure competition society's resources are being allocated ____.
9. 'The ____ hand thus organizes the private interests of producers in a way that is fully in accord with society's interest in using scarce resources efficiently.'
10. '____ efficiency requires that goods be produced in the least costly way.'
12. One industry that exemplifies pure competition is the ____ industry.

14. 'We call this ____-maximizing guide the MR=MC rule.'
16. Purely competitive sellers are price-_____.
19. Profit is maximized where the ____ distance between the total revenue and total cost curves is maximized.
20. The ____ of composition tells us that what is true of the individual firm is not necessarily true of the industry as a whole.
22. Pure competition is characterized by ____ entry and exit.
23. Monopolistic competition and (sometimes) oligopoly are characterized by _____ of product.
27. A break-even point is that level of output where the firm earns only a ____ profit.
29. The output of firms in pure competition are considered by consumers to be perfect ____ for one another.
30. An industry with only a few sellers is an ____.
31. Monopolistic competition, oligopoly and monopoly are referred to as ____ competition.
32. 'Any unit whose marginal revenue ____ its marginal cost should be produced'
34. Monopolistic competition is characterized by large amounts of ____ competition. [two words, without the hyphen or spaces]
36. Although purely competitive firms may earn an economic profit or incur an economic loss in the short run, they will earn only a _____ profit in the long run.
38. When analyzing marginal cost and marginal revenue, it is important to remember that the firm wants to maximize its total profit, not its marginal or per-_____ profit.
39. The demand curve for the individual purely competitive firm is perfectly _____.
41. '[t]he portion of the firm's marginal-cost curve lying above its average-variable-cost curve is its short-run ____ curve.'
44. The long-run supply curve of a purely competitive, constant cost, industry is perfectly _____.
45. Positive economic profits will result in supply increases until ____ is brought back down to minimum average total cost.

46. The foreign ____ market is an example of pure competition.

47. _____ profits will attract new firms to the industry.

Down

1. 'A competitive market economy uses the limited amounts of resources available to society in a way which maximizes the ____ of consumers.'

2. Some companies pollute the environment. These costs are ____ to the company and therefore distort the efficiency of the competitive market.

4. Productive efficiency occurs where price equals ____ average total cost.

5. A purely competitive firm will not produce, even in the short-run, when price falls below minimum average ____ cost.

7. The purely competitive firm can maximize profits only by adjusting ____.

8. An oligopolistic firm is affected by the decisions of its ____ in the marketplace.

11. In a pure monopoly, entry to the industry is ____ by legal, financial, technological, or other barriers.

13. Pure competition assumes a large number of ____ acting sellers.

15. '... higher product prices and marginal revenue encourage a purely competitive firm to expand ____.'

17. '... the competitive firm is faced with three ____ questions.'

18. The demand curves for most agricultural industries are, in fact, highly ____.

21. '____ efficiency requires that resources be apportioned among firms and industries so as to yield the mix of products and services which is most wanted by society (consumers).'

24. standardized

25. The total revenue curve of a purely competitive firm has a constant ____ because MR is constant.

26. The purely competitive firm's demand curve is a ____ line.

28. Price equal both marginal and ____ revenue for a purely competitive firm.

29. '... the marginal cost of producing a unit of X measures society's ____ of goods that could have been produced instead of X.'

32. 'In the short run, the firm will maximize profit or minimize loss by producing that output at which marginal revenue ____ marginal cost.'

33. An external cost is also called a ____ cost.

35. In pure competition, marginal revenue ____ price.

37. Economic profits cause the total number of firms to ____, thus decreasing supply and increasing price.

40. In long run equilibrium, price and output will occur at that firm's minimum average ____ cost.

42. In pure competition, profit maximizing output occurs where ____ equals marginal cost.

43. A firm will shut down if production losses exceed ____ costs.



Panthers vs. Spring

Friday – 7:30 – home