28/11

1) Because of firm a price ~~taker~~ taker - it sells a homogeneous product at market price and can sell any quantity at that price but cannot raise it price without loosing all ~~or~~ customers.

2) It can be consider fair if it increase accesses for lower income group / allows firms to severe markets

3) Perfect competition → Many firms, identical products, no barriers to entry, firms are price takers.
Imperfect competition → Fewer firms, differentiated products Possible barriers to entry, firms have some price setting power.

4) * Physical features / quality.
* Brand image & advertising
* Location / convenience
* Customer service
* Perceived difference.

5) Higher joint profits stable prices, reduced uncertainty and avoidance of price wars.

6) obstacles that prevent new competitors entering market such as.
* High startup / economic sale
* Legal barrier
* control of essential resources.
* strong brand loyalty
* Strategic behavior by Incumber.

7) * Limiting price
* Maintaining excess production capacity
* Long term contracts with buyers / suppliers
* Lobbying for regulations that raise rival costs