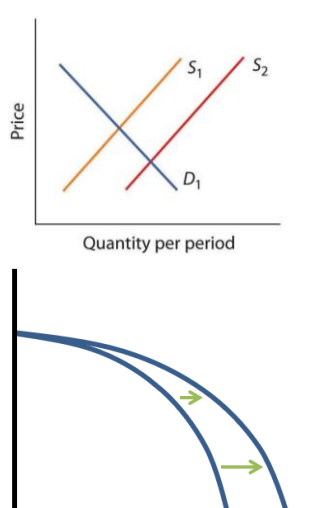


Questions? Additional Information	
	<p>What is Market Power?</p> <ul style="list-style-type: none"> the ability of a company to _____ and _____. the ability of one firm to _____.
	<p>What can a company do to increase their market power?</p> <p>1) _____.</p> <p>2) _____.</p> <p>3) _____.</p>
	<p><u>1) Decrease average costs</u></p> <ul style="list-style-type: none"> <i>Remember:</i> _____ Total Costs = Total Costs / _____ In order to decrease _____, a firm must produce _____ (more Quantity). _____ : characteristic of business that causes a producer's average costs per unit to drop as production rises
	<p><u>2) Increase Efficiency</u></p> <ul style="list-style-type: none"> Increasing Efficiency usually involves _____ _____ provide an incentive to invent a new _____ or improve on an existing _____. Patents give the inventor exclusive rights to use the invention for _____ years Competitors have an incentive to create their own _____ or find a way to improve on _____ <p>Remember, Technology is a Determinant of _____, increasing technology shifts the supply curve to the _____</p> <ul style="list-style-type: none"> Shifting the Supply Curve to the right _____ prices <p>It also moves the _____ to the right for one of the two products</p> 
	<p><u>3) Decrease competition</u></p> <ul style="list-style-type: none"> By creating Economies of Scale, you _____ By increasing efficiency, you _____ Smaller businesses/firms cannot afford to _____ when prices fall Bigger businesses can _____ smaller businesses or just let them _____.

Mergers

when two or more _____ join to form _____

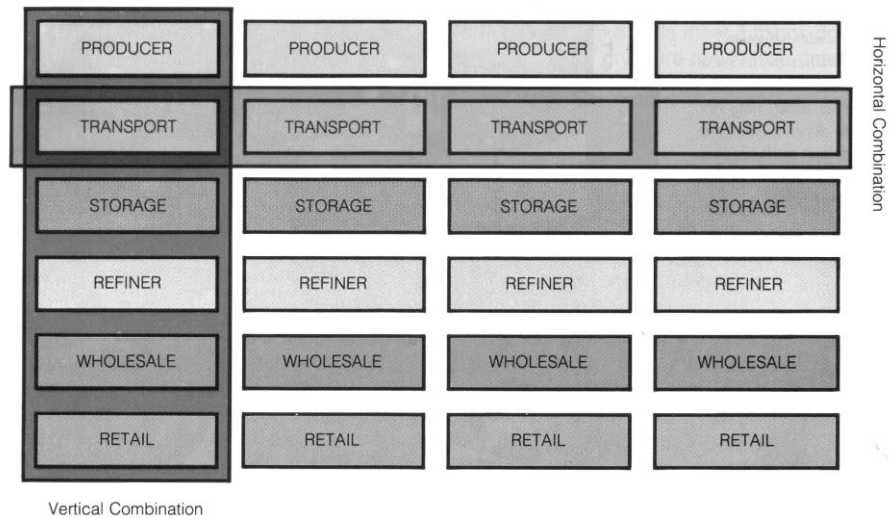
A. Horizontal Merger

the combination of two or more firms _____ with the same good or service

B. Vertical Merger

the merger of two or more firms _____ the same good or service

Figure 6-2 Horizontal and Vertical Combinations



Summarize what you learned about Gaining Market Power by describing the diagram.



