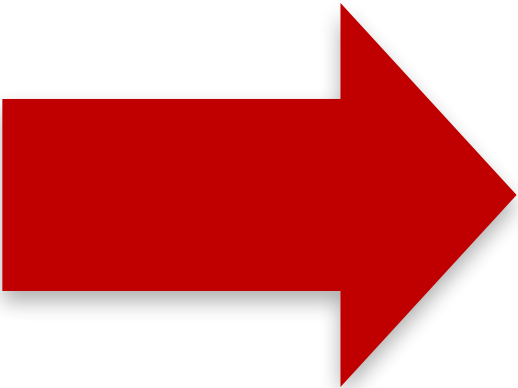




**2. Buyers can not set  
the price either**

**Market  
forces set  
the price**



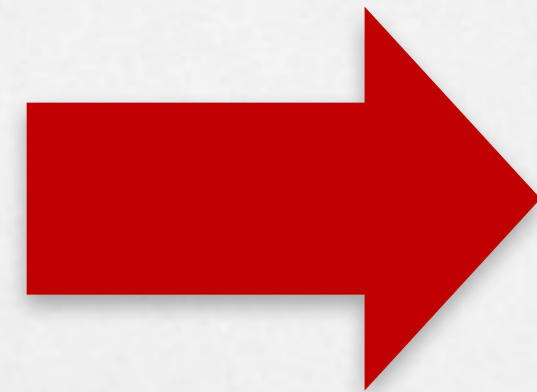
**Buyers choose  
the quantity  
demanded**

When is a Market "Competitive"?

# When is a Market “Competitive”?

**2. Buyers can not set  
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**Buyers choose  
the quantity  
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# What explains these Prices?

☐ Price of a gallon of tap water is

~\$0

☐ Price of a gallon of gasoline is

\$2.70

☐ Price of a gallon of Perfume

(Channel No.5) is \$25,600