

Name: _____ Date: _____

Directions: Read the text, and answer the questions.

Smile Sweetly Bakery sells butter tarts. The price is 50 cents for each butter tart. Many people buy the butter tarts. They are delicious! So Smile Sweetly Bakery decides to raise the price. Now the price for each butter tart is one dollar.

Sweet Treats Bakery sells butter tarts, too. They are yummy. The bakery is not selling very many. It decides to lower the price to 75 cents for each tart.

Before, many people ate Smile Sweetly butter tarts. But now, many people are going to Sweet Treats Bakery. The tarts cost less.

People will want to buy less of a product when the price goes up. They want to buy more of a product when the price goes down. In a *competitive market*, there are many buyers and sellers. Sellers compete to sell more products.

1. What happened when Smile Sweetly Bakery raised the price of butter tarts?
 - a. More people bought butter tarts.
 - b. Fewer people bought the butter tarts.
 - c. They sold so many butter tarts that they ran out.
 - d. The butter tarts did not taste good.

2. What is a competitive market?
 - a. Buyers compete to sell more products.
 - b. Buyers are not interested in buying products.
 - c. Sellers compete to sell more products.
 - d. Sellers try to sell fewer products.