

Module 57 Introduction to Market Structure

Discussion Questions:

- Have you ever played the game Monopoly?
- What is the object of the game?
- What is the best strategy for winning?
- What happens to the rent of a property when one owner owns all the properties of the same color?

Discussion Questions:

Imagine that you have decided to help pay for summer school tuition by growing tomatoes in your back yard and selling them at the nearby farmers' market.

- Do you think the venture will be successful? Why?
- Are you capable of starting this kind of business?
- What would you need to do in order to start?
- Will you be able to leave the business when school starts in the Fall?
- How much will you charge for the tomatoes?
- How many other producers will there be in the market and how much market power will each have?
- Will your tomatoes be different from others' tomatoes?

Example of Monopolistic Competition: The Fast Food Industry

Firms in the U.S. fast-food industry	Market share
McDonald's	20%
Burger King	9%
Wendy's	5%
Kentucky Fried Chicken	5%
Hardees	4%
Pizza Hut	4%

Why is this industry not considered to be perfectly competitive?

Discussion Questions:

Consider the market for Toothpaste.

What is the purpose and function of toothpaste?

What features do you look for in choosing a toothpaste?

What features do you ignore when choosing a toothpaste?

Discussion Questions:

Does the SCF Venice bookstore have a monopoly on textbooks?

What changes in recent years have affected the market power of the college bookstore in the market for textbooks?

Class Activity:

Classify the following products as being in monopoly, oligopoly, monopolistic competition, or perfectly competitive industries. What is the source of their market power?

Microsoft's operating system

Kodak's 35 mm film

Burrows Welcome's drug for AIDS patients

McDonald's Big Mac

A regional electric company

