**NAME: HOUR:**

**Economics Crash Course Video Questions**

***Week of May 25th***

**Episode 25 – Monopolies and Anti-Competitive Markets**

***“The growth of a large business is merely a survival of the fittest” –John D. Rockefeller***

1. Do you agree with Rockefeller’s claim in the above quote that businesses growing larger is simply based on who is best fit to survive and operate? Explain.
2. What is a pure monopoly?
3. How does the food truck example reflect capitalism?
4. What is crony capitalism and what would be an example?
5. How does the idea of market share explain how Google could very nearly be considered a monopoly?
6. Explain the idea of barriers to entry.
7. What is the intended purpose of anti-trust laws and the work of the Justice Department and Federal Trade Commission in supporting those laws?
8. What is the difference between horizontal integration and vertical integration and what are examples of each?
9. Explain how one of the examples from the video – **Microsoft** or **Toys R Us** – were considered to be a monopoly because of their business practices.
10. What do patents do?
11. What is a natural monopoly and what are some examples?
12. How is Nike considered a non-coercive monopoly?
13. What happened to AT&T in the 1970’s and how did that affect their natural monopoly status?
14. What is price discrimination and what are some common examples that we all see and/or experience?
15. What business or industry do you think should be investigated or broken up because they are a monopoly OR what business or industry do you think should operate as a monopoly? Explain your answer.

**Episode 26 – Game Theory and Oligopoly**

1. What is the best example of perfect competition and what are the key features of that market structure?
2. What are some examples of monopolistic competition and what are they key features of that market structure?
3. What are some examples of oligopoly and what are the key features of that market structure?
4. What is nonprice competition and what are the things used when practicing nonprice competition?
5. How is advertising related to the idea of nonprice competition?

***“Half the money spent on advertising is wasted; the trouble is, you don’t know which half”***

1. The above quote is from a TV show about an advertising agency in the 1950’s-1960’s. What do you think the person meant about advertising?
2. What is game theory?
3. Explain the “prisoner’s dilemma.”

***“Even if people or companies rationally follow their own self-interest, the best outcome is hard to reach when they can’t or don’t cooperate”***

1. Using the above quote, how do you think cooperation with others benefits those pursuing their own self-interest?
2. Explain what a cartel is and the idea of collusion.
3. What are some possible examples of cartels and businesses practicing collusion? Explain.
4. Explain the idea of price leadership and how companies practice it.
5. How do airline baggage fees reflect possible collusion/price leadership?
6. What is OPEC and how do they fit in the conversation about cartels?
7. The argument at the end of the video is that health competition promotes innovation and we are all better off because of it. Generally speaking, do you think we have healthy competition in our economy and do people generally benefit from it? Explain.

**Episode 28 – Labor Markets and Minimum Wage**

1. What is the justification given for the huge salaries often given to professional athletes (the video used Cristiano Ronaldo from Real Madrid as an example)?
2. What are the benefits mentioned that sports organizations can gain from having superstars?
3. Explain the idea of wage negotiation between the buyer and seller (of labor).

***“The wage offered has to cover his opportunity cost – the value of his lost free time and the money he could be making doing something else?***

1. Using the above quote, do you think it’s true that workers consider this today?
2. What is derived demand?
3. How do supply and demand help determine wages?
4. What is wage discrimination?
5. What is a monopsony and what is an example of it?
6. What are efficiency wages?
7. How have unions affected wages and working conditions?
8. What activities have unions used (and still use) to achieve their goals?
9. What do classical economists tend to argue about the minimum wage?
10. What are some of the arguments given as to why minimum wage and increases in it are needed?

***“Raising the minimum wage could have a small benefit to the economy. Workers, with their newly increased wages, would spend more. This would increase demand and perhaps stimulate employment.”***

1. Do you agree or disagree with the above quote? Explain.
2. What are your thoughts on the idea of the minimum wage in generally and whether it should be raised? Explain your reasoning.