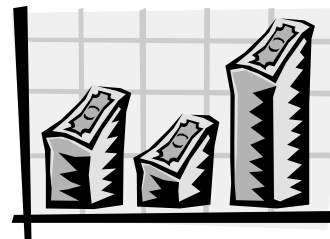


**KOFA HIGH SCHOOL SOCIAL SCIENCES DEPARTMENT**

**ECONOMICS**

**VIDEO STUDY GUIDE # 9 - OLIGOPOLY**



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**TERMS THAT YOU MAY NEED INFORMATION ON :**

- 1. PRODUCT DIFFERENTIATION - TERM USED TO DESCRIBE THE WAY , OR METHODS , COMPANIES USE TO DISTINGUISH THEIR PRODUCTS FROM COMPETITIVE PRODUCTS**
- 2. TVA - TENNESSE VALLEY AUTHORITY > THE AGENCY CREATED BY THE FEDERAL GOVERNMENT TO ESTABLISH FLOOD CONTROL AND FACILITATE A SUPPLY OF CHEAP POWER IN THE TENNESSE AND MISSISSIPPI RIVER VALLEYS**
- 3. BID RIGGING - ILLEGAL PARTNERING ( COLLUSION ) ON PROJECT PRICE AND SERVICE QUOTATIONS BETWEEN BUSINESS COMPETITORS TO CONTROL A MARKET**

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**\*\* STORY # 1 > THE AUTOMOBILE INDUSTRY / MARKET HAS BECOME OLIGOPOLY CONTROLLED BY A FEW LARGE FIRMS . ONE OF THE COMPANIES HAS FIGURED OUT HOW TO STAY OUT OF COSTLY PRICE WARS**

**GENERAL MOTORS PRESIDENT ALFRED SLOAN SAID THAT THE PRIMARY OBJECT OF GENERAL MOTORS IS TO MAKE \_\_\_\_\_ NOT JUST \_\_\_\_\_**

**SLOAN WAS A MARKETING GENIUS WHO GAMBLED THAT PEOPLE WOULD WANT MORE FROM THEIR CARS . IT WAS SAID THAT HENRY FORD KNEW \_\_\_\_\_ AND ALFRED SLOAN KNEW \_\_\_\_\_**

**SLOAN MADE \_\_\_\_\_ AS MUCH A PRODUCT AS THE CARS**

**MR. GILL SAYS THAT OLIGOPOLIES LIKE TO AVOID \_\_\_\_\_**

**MR. GILL SAYS THAT PRICE COMPETITION IS AVOIDED IN WHAT TWO WAYS ?**

1.

2.

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**STORY # 2 > BID RIGGING IN THE ELECTRICAL EQUIPMENT INDUSTRY. FIRMS ARE DRIVEN TO ENGAGE IN ILLEGAL ACTIVITIES TO AVOID PRICE COMPETITION**

**WHAT TWO THINGS WERE THE ELECTRICAL COMPANIES TRYING TO ACCOMPLISH WITH THE BID RIGGING ?**

1. RAISE \_\_\_\_\_

2. GUARANTEE EACH FIRM'S \_\_\_\_\_ OF THE BUSINESS

**WHAT MOTIVATED THE EXECUTIVES OF THE COMPANIES TO RISK GOING TO JAIL ?**

**MR. GILL SAYS THAT PRICE WARS BENEFIT WHO ?**

**PRICE FIXING IS A VIOLATION OF WHAT TYPE OF LAW ?**

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**STORY # 3 > HOW THE AIRLINE INDUSTRY BECAME AN OLOGOPOLY. THERE ARE BENEFITS TO GOVERNMENT REGULATION :**

**WHY DID THE FEDERAL GOVERNMENT PROHIBIT COMPETITION IN THE AIRLINE INDUSTRY ( THEREBY PROTECTING IT ) AT THE BEGINNING ?**

**WHAT HAPPENED TO PRICES AS A RESULT OF THE DEREGULATION EXPERIMENT IN TEXAS ?**

**WHY DID BRANIFF GO OUT OF BUSINESS ?**

**WHAT HAPPENED TO THE COMPANIES IN THE AIRLINE INDUSTRY AS A RESULT OF DEREGULATION ?**

**MR. GILL SAYS THAT THE BENEFITS AND RISKS OF PRICE COMPETITION ARE VERY REAL > WHAT ARE 2 OF THE THINGS THAT WILL HAPPEN ?**

**1. CONSUMERS WILL PROBABLY RECEIVE THE BENEFITS OF LOWER PRICES. HOW MUCH IS IT ESTIMATED THE CONSUMERS SAVED WHEN THE AIRLINES WERE DEREGULATED ?**

**2. THE COMPETITION RESULTS IN MANY OF THE BUSINESSES \_\_\_\_\_ AND FORMING AN \_\_\_\_\_**