

**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 .**

**THE AIRLINE INDUSTRY HAS BEEN DEREGULATED SINCE 1978 AND IT IS TRUE THAT AIRFARES HAVE COME DOWN / BEEN LOWERED , BUT AT WHAT PRICE ?**

1. LONG \_\_\_\_\_ 2. UNCOMFORTABLE \_\_\_\_\_

3. UNEQUAL \_\_\_\_\_ 4. \_\_\_\_\_ AND \_\_\_\_\_ ISSUES

**DURING THE AIRLINES INDUSTRY'S FIRST 50 YEARS THE GOVERNMENT'S**

**CIVIL AERONAUTICS BOARD SET \_\_\_\_\_ AND \_\_\_\_\_**

**TO PROTECT THE INDUSTRY FROM COMPETITION AND LET IT GROW**

**ECONOMIST, AND FORMER CHAIRMAN OF THE CIVIL AERONAUTICS BOARD ,  
ALFRED KAHN SAYS THAT TWO GROUPS WERE IN FAVOR OF CONTINUED  
REGULATION :**

1. **THE \_\_\_\_\_**
2. **THEIR \_\_\_\_\_**

**IN THE ERA OF DEREGULATION THE BIG AIRLINES BECAME TARGETS OF  
COMPETITORS WITH :**

1. **LOWER \_\_\_\_\_**
2. **LOWER \_\_\_\_\_**
3. **FLASHY \_\_\_\_\_**

**HERB KELLERHER , CEO AND CO-FOUNDER OF SOUTHWEST AIRLINES ,  
SAYS THAT MORE COMPETITION WAS CREATED WITH THE SAME NUMBER OF  
AIRLINES UNDER DEREGULATION. HOW DID THAT HAPPEN ?**

**CLIFFORD WINSTON OF THE BROOKINGS INSTITUTION SAYS THAT TODAY'S  
DELAYS , CONGESTION / CAPACITY PROBLEMS , AND LACK OF INVESTMENT  
IN RESOURCES ( AIR TRAFFIC TECHNOLOGY AND RUNWAYS ) IS NOT THE  
RESULT OF DEREGULATION , BUT THE RESULT OF WHAT ?**

**HOST DAVID SCHOUMACHER SAYS THAT IT IS THE COLLECTIVE OPINION OF  
ECONOMISTS , THE BUSINESS COMMUNITY , AND THE PEOPLE WHO BELIEVE  
IN ANTI-TRUST , THAT DEREGULATION OF THE AIRLINE INDUSTRY WAS  
WHICH , A SUCCESS OR A FAILURE ?**

**SCHOUMACHER SAYS THAT AIRFARES / RATES HAVE FALLEN \_\_\_\_\_ %**

**ECONOMIST NARIMAN BEHAVESH SAYS THAT RATES HAVE FALLEN , BUT  
ALSO :**

1. **\_\_\_\_\_ TIMES THE NUMBER OF PEOPLE ARE FLYING**
2. **AIRLINES EMPLOY \_\_\_\_\_ TIMES AS MANY PEOPLE**
3. **AIRLINE \_\_\_\_\_ HAS IMPROVED , NOT DECLINED**
4. **THE INDUSTRY IS NOT DOMINATED BY .....**

**BEHAVESH ALSO SAYS THAT AIRLINE CONGESTION ( SEATING AND FLIGHT  
AVAILABILITY ) IS PROOF OF DEREGULATION'S \_\_\_\_\_**