

YouTube Title: “A That 70’s Show Monopoly” <http://www.youtube.com/watch?v=nPb-6uTHrAM>

Video Length: 0:34 seconds

Chapter 24: Monopoly, p. 533

Topic: Market Power, p. 534

Key Terms: Monopoly, market demand, market power

Learning Objective 1: How a monopolist sets price and output.

Summary

After the gang discovers Jackie and Fez are fans of the band “The Village People,” they decide to have a “Disco Sucks” party. During the party, Hyde is able to sell beer at incredibly high prices since he is a monopolist – the only one selling beer. A man gets upset that a beer ends up costing \$6 dollars (the cost of the beer, the cup, and the pouring) but since there is no one else selling beer, he ultimately buys it.

Economic Application

Hyde is a monopoly beer provider at the party because he is producing the entire market. He has the ability to charge a high price for beer from his keg because of his market power and the strong market demand for beer.

Multiple-Choice Question

Which of the following describes Hyde’s beer monopoly?

- a) Poor customer service.
- b) High prices.
- c) No pressure to improve product quality.
- d) All of the answers are correct.

Discussion Question

If there was more competition in the distribution of beer at the party, how would Hyde’s behavior change?