

**YouTube Title:** “Funny X-Box Commercial” <http://www.youtube.com/watch?v=wc32Dw8jltY>

**Video Length:** 0:59 seconds

**Chapter 23:** Competitive Markets, p. 510

**Topic:** The Competitive Process, p.524

**Key Terms:** Competition, competitive pressure

**Learning Objective 1:** The market characteristics of perfect competition.

### Summary

Two couples at a café compete against each other for romantic sympathy from their lovers. The couples go so far as to inflict physical injuries upon themselves to “out love” each other.

### Economic Application

This competitive market for “love” illustrates how the threat of competition is a tremendous incentive for producers to respond quickly to consumer demands and to seek more efficient means of production.

### Multiple-Choice Question

Competitive markets do all but which ONE of the following:

- a) Ensure an equitable distribution of resources.
- b) Force money-losing firms out of the market.
- c) Efficiently allocate resources.
- d) Encourage product and technological innovation.
- e) Allow consumers to get more of the goods they desire, and at a lower price.

### Discussion Question

Critics say competitive markets are “all about the money,” with no redeeming social attributes. What are the flaws of this criticism?