

YouTube Title: "Praxeology - Episode 21 - Economic Progress"

<http://www.youtube.com/watch?v=ps9ktlXikCA&feature=fvst>

Video Length: 9:27 minutes

*The Economy Today* Chapter 23: Competitive Markets

*The Micro Economy Today* Chapter 09: Competitive Markets

*The Economy Today* Learning Objective 4: How society benefits from market competition.

**Topics:** Economic progress, capital goods

**Key Terms:** Competitive market, economic profit, barriers to entry, efficiency

### Summary

This video can be used to explain who benefits from a progressing economy.

### Economic Application

This video highlights the role of the entrepreneur in competitive markets. Economic profits attract entrepreneurs. As competition intensifies, products improve and prices fall. In this sense, competitive markets do best what markets are supposed to do – efficiently allocate scarce resources.

### Multiple-Choice Question

All but which ONE of the following are characteristics of perfect competition?

- a) Many firms
- b)  $MC=p$
- c) Dissimilar products
- d) Low barriers to entry
- e) Perfect information
- f)  $MC = p$
- g) Zero economic profit

### Discussion Question

How do entrepreneurs maintain a profitable business given that competition drives economic profits to zero?