

YouTube Title: “Monopolistic Competition” <http://www.youtube.com/watch?v=VSQpmWhm3xk&feature=relmfu>

Video Length: 1:26 minutes

***The Economy Today* Chapter 24:** Monopoly, p. 533

***The Micro Economy Today* Chapter 10:** Monopoly, p. 213

Topic: Comparative Outcomes

Key Terms: monopolistic competition

Learning Objective 2: How monopoly and competitive outcomes differ.

Summary

A man and a woman are having dinner together at a restaurant, and the man wonders how the numerous cafes, bars and restaurants in this particular part of town can stay in business.

Economic Application

The woman explains the nature of monopolistic competition to help the man understand how all of the different similar businesses in one location can all stay in business.

Multiple Choice Question

The woman states that cafes, bars and restaurants compete on all but which ONE of the following?

- a) Prices
- b) Themes
- c) Barriers to entry
- d) Menus
- e) Locations

Discussion Question

Why did several cafes, bars and restaurants in this market close in the past few years?