



YouTube Title: “Future AirPlane Travel” <http://www.youtube.com/watch?v=YfyvZM8lnwU>

Video Length: 1:51 minutes

Chapter 10: Monopoly, p. 213

Topic: Market Power, p. 214

Key Terms: Market Power, monopoly, oligopoly

Learning Objective 2: How monopoly and competitive outcomes differ.

Summary

This MAD TV skit “Future Airplane Travel” features two passengers on an airplane. The flight attendant starts her required safety speech and the passengers realize they must pay additional money for seat belts, seat belt releases, and oxygen for the oxygen masks.

Economic Application

This video shows how an airline with market power can charge high prices on a flight.

Multiple-Choice Question

An airline with market power:

- a) Feels pressure to reduce operational costs.
- b) Will have a reduced rate of output (flights).
- c) Seeks to lower their prices to customers for airline travel.
- d) Competes on quality service.

Discussion Question

How would the treatment of the passengers change if the number of airlines serving this particular route increased?