

Handout 12-2

WHO'S THE MONOPOLIST?

Name _____ Class _____

Inspector Mark Etts is trying to find out which suspect is the monopolist. He knows that each represents a firm in a different market structure, but which is which? Use the quotations below, the information in Handout 12-1, and the process of elimination to help Inspector Etts specify the market structure for each suspect. (Each of the five market structures in Handout 12-1 is included and is used only once.)

Suspect 1 "Look, I'm not the monopolist. I've got plenty of competition. If I tried to raise my price, I'd lose business to Giant Industries. No, sir. I wait for them to raise prices, and I follow along behind."

Suspect 2 "I've got more problems than you have. New shops like mine are opening all the time. I have to spend money on advertising to convince people that my shop is unique and different."

Suspect 3 "I can't afford to advertise. It would eat up what little profit I make. Besides, what good would it do? My product is the same as everyone else's."

Suspect 4 "Well, my product is like no one else's. I work hard to make sure that my firm stays out front to avoid the perils of cutthroat competition. An orderly market and a fair price. That's our motto."

Suspect 5 "Good for you. But, Inspector, I'm not a monopolist. I know it's tough to break into our market, what with the huge advertising costs. Brand recognition is important. But I'm not guilty."

Suspect	Market Structure
1	_____
2	_____
3	_____
4	_____
5	_____