

CE.E.1.5

Compare how various market structures affect decisions made in a market economy (e.g., monopoly, oligopoly, monopolistic competition, pure competition, etc.).

Students will understand:

1. Markets with more competition tend to create better outcomes for consumers.
2. Location, government regulation or the uniqueness of a product are factors that may cause markets to be more or less competitive.
3. Market structure affects outcomes through its impact on the motivations, opportunities and decisions of individuals and groups participating in the market.

Students will know:

1. How to create a continuum showing the differences between different market structures in terms of the level of competition (e.g., a monopolistically competitive market includes more competition than an oligopolistic market, which in turn has more competition than a monopolistic market).
2. Definitions and examples of each type of market (e.g., perfect competition: food carts and Internet auctions. Monopolistic competition: fast-food restaurants. Oligopoly: cell-phone networks, soft drinks. Monopoly: Utilities, medical care).
3. The role of competition in regulating quality and price.
4. Why people in a particular industry might have an interest in creating barriers for others' entry into the market.
5. Factors that cause markets to be competitive.
6. The definition of market share.
7. Ways in which companies may manipulate the market to reduce competition (e.g., a store moving into a town and dropping prices below market value in order to weaken competitors and try to gain market share).