## Critical Thinking Questions

27.

Does either the four-firm concentration ratio or the HHI directly measure the amount of competition in an industry? Why or why not?

28.

What would be evidence of serious competition between firms in an industry? Can you identify two highly competitive industries?

29.

Can you think of any examples of successful predatory pricing in the real world?

30.

If you were developing a product (like a web browser) for a market with significant barriers to entry, how would you try to get your product into the market successfully?

31.

In the middle of the twentieth century, major U.S. cities had multiple competing city bus companies. Today, there is usually only one and it runs as a subsidized, regulated monopoly. What do you suppose caused the change?

32.

Why are urban areas willing to subsidize urban transit systems? Does the argument for subsidies make sense to you?

33.

Deregulation, like all changes in government policy, always has pluses and minuses. What do you think some of the minuses might be for airline deregulation?

34.

Do you think it is possible for government to outlaw everything that businesses could do wrong? If so, why does government not do that? If not, how can regulation stay ahead of rogue businesses that push the limits of the system until it breaks?