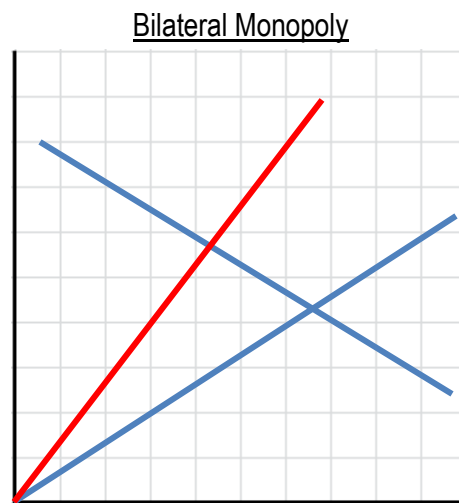


CONCEPT: BILATERAL MONOPOLY

- A **bilateral monopoly** combines a _____ and a _____. A market with a _____ buyer and seller
 - Example: The Writer's Guild of America negotiating with an employers' alliance of CBS, MGM, NBC, etc.
 - > Every three years, the two parties renegotiate a pay deal
 - In a bilateral monopoly, the struggle between the needs of the two groups results in heavy negotiation:
 - > Employer wants the below-average wage of a monopsony
 - > Employee wants the above-average wage of a union



- A bilateral monopoly results in _____ wage and _____ equilibrium quantity
 - The wage will be determined through the negotiation process
- Is a bilateral monopoly desirable?
 - In essence, the monopolies cancel each other out, leading to near-competitive results
 - If the negotiating power is roughly the same for both parties, they may agree on the competitive wage
 - The results are more desirable than if just one party had monopoly power