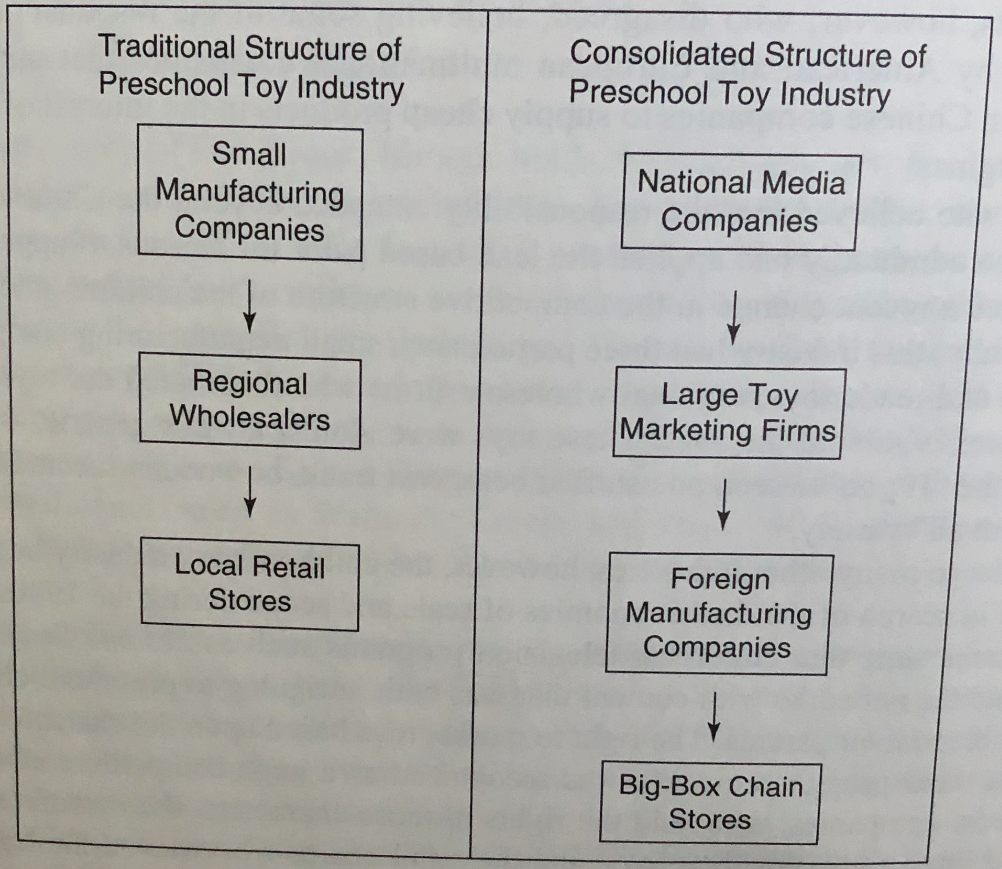
competitive structure of the preschool toy industry, from the traditional to the consolidated, are shown in the following graphic:



In the traditional structure of the preschool toy industry, it would seem clear who was responsible for the use of lead-based paint upon the children's toys, had such an event occurred. It would have been the small manufacturing firms that designed and made the toys they sold to the regional wholesale firms that, in turn, sold to the local retail stores that then sold to the public. The final price to the public was the one that determined the overall demand, and the three participants had approximately equal power to divide the profits.

In the consolidated structure, however, the responsibility for the lead paint on the children's toys is not so clear. Obviously, the foreign manufacturers were the ones that actually put the lead paint on the children's toys—but here the industry participants did not share equal size and power: the two on the ends held very dominate positions. Without the consent of the national media companies, toys based upon their popular television characters could not be manufactured and sold, and high royalty payments were required to gain that consent. Similarly, without acceptance by the big-box chain stores, toys based upon those characters could not have been sold in the volumes needed to pay the high royalties that had been charged, and low unit costs were needed to obtain that acceptance.