

# Interactive Reading Notepad

## Lesson 4.1 Pure Competition

Use a separate piece of paper or a Word Document in office 365 to respond to all questions. I recommend completing this homework *as you read*.

**Key Terms** – write down and **create a cognitive dictionary (model provided)** for all terms from assigned sections by writing the word, writing down what you think it means, then define each in your own words on a piece of binder paper. As added practice, EITHER use the term properly in a sentence OR draw a picture that demonstrates the meaning of the word in a visual way (may not be applicable).

Cognitive Dictionary Example/model:

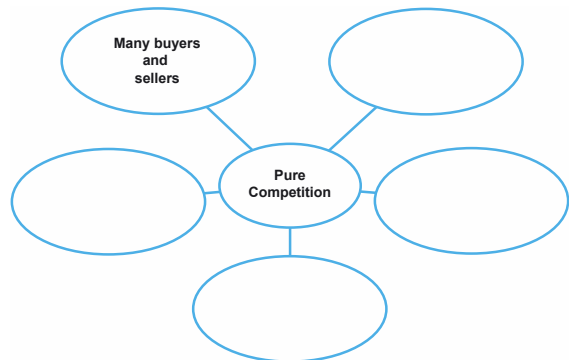
Word	What do you think it means?	Actual Definition	Properly use word in a sentence.
Element	A part of something	Factor; ingredient	Pasta is just one element of spaghetti.

pure competition  
commodity  
barriers to entry

imperfect competition  
start-up costs

### Conditions for Pure Competition: Text

- Connect** How do incentives affect suppliers in a purely competitive market?
- Make Generalizations** The amount of a market that a producer controls is called market share. How is market share related to pure competition?
- Identify** What makes a product a commodity?
- Connect** How is ease of market entry and exit related to the number of suppliers in a purely competitive market?
- Identify** Use the graphic organizer to label the missing conditions of pure competition and the characteristic that results from them.



**Barriers to Entry and Competition: Text**

6. **Identify Cause and Effect** Why is complex technology a barrier to competition?

**Price, Output, and Purely Competitive Markets: Text**

7. **Explain an Argument** Why does efficiency drive the price down in a purely competitive market?

## Lesson 4.2 Monopolies

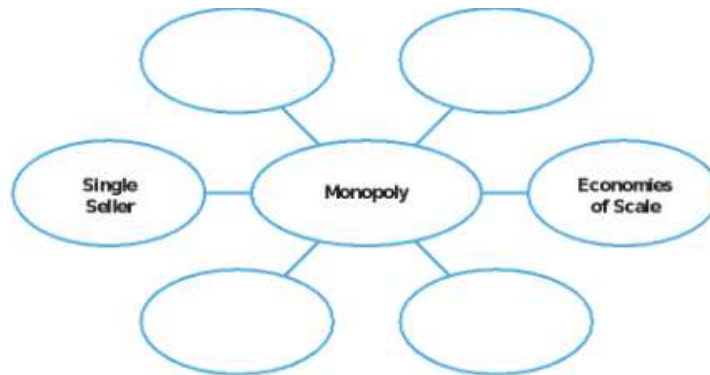
Use a separate piece of paper or a Word Document in office 365 to respond to all questions. I recommend completing this homework *as you read*.

**Key Terms – write down and create a cognitive dictionary (model provided) for all terms.**

- |                     |                      |
|---------------------|----------------------|
| monopoly            | franchise            |
| economies of scale  | license              |
| natural monopoly    | price discrimination |
| government monopoly | market power         |
| patent              |                      |

**Characteristics of Monopoly: Text**

1. **Draw Conclusions** Why must a monopoly supply a good or service that has no close substitute?
2. **Cite Evidence** What would happen to a firm with limited economies of scale?
3. **Categorize** As you read “Characteristics of a Monopoly,” complete this graphic organizer.



**The Role of Government: Text**

4. **Draw Inferences** Why do you think that patents expire after a set period of time?

**Output Decisions: Text**

5. **Cite Evidence** What happens when a monopolist lowers the price of a good?

**Price Discrimination: Text**

6. **Categorize** Give three examples of price discrimination.

## Lesson 4.3 Monopolistic Competition and Oligopoly

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Use a separate piece of paper or a Word Document in office 365 to respond to all questions. I recommend completing this homework as you read.

**Key Terms** – write down and create a cognitive dictionary (model provided) for all terms.

monopolistic competition  
differentiation  
non-price competition  
oligopoly

price war  
collusion  
price fixing  
cartel

### Characteristics of Monopolistic Competition: Text

- 1. Identify Supporting Details** What effect do barriers to entry have in a monopolistically competitive market?
- 2. Draw Conclusions** How does differentiation help monopolistically competitive firms sell their products?

### Non-price Competition: Text

- 3. Classify** If your friend buys a brand of sneakers because his favorite basketball player wears them, what form of non-price competition is that?
- 4. Support Ideas With Examples** Why is location a factor in non-price competition? Give an example in your answer.

### Prices, Output, and Profits: Text

- 5. Predict Consequences** If a monopolistically competitive brand-name product that you felt brand loyalty towards raised its price by a significant amount, what would you do? Explain your answer.
- 6. Hypothesize** What might happen if price fixing were legal in the United States?

### Characteristics of Oligopoly: Text

- 7. Identify Cause and Effect** How do greater economies of scale lead to an oligopoly?

## Lesson 4.4 Government Regulation and Competition

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Use a separate piece of paper or a Word Document in office 365 to respond to all questions. I recommend completing this homework as you read.

**Key Terms** – write down and create a cognitive dictionary (model provided) for all terms.

predatory pricing  
antitrust laws  
trust

merger  
deregulation

### Government and Competition: Text

- 1. Analyze** Word Choices The words predator and prey often refer to

animals. When you see the word predatory, what animal comes to mind? Who might be the prey in a predatory pricing scheme?

2. **Explain an Argument** Explain the government’s argument that Microsoft engaged in anticompetitive practices.
3. **Draw Inferences** What economic benefits resulted from the breakup of AT&T?
4. **Analyze Interactions** Why do prices often rise after a merger or a series of mergers?
5. **Determine Central Ideas** Under what conditions will the government approve a merger?

**Deregulation: Text**

6. **Identify Cause and Effect** When the government deregulates an industry, what does it expect will happen?
7. **Draw Conclusions** How would you characterize the results of the deregulation of California’s electricity market? Explain.
8. **Assess an Argument** Do you think the government had a good reason to question the merger of American Airlines and US Airways? Explain.
9. **Summarize** Complete the following chart, based on the information in this Lesson.

