**Markets & Competition homework**

Name and date submitted (3 pts):

Instructions: Create space in the document below, and type or write your answers. When you are done, submit your work as an email attachment.

(12 questions, 100 possible points).

Part 1: Types of Competition

For each question 1-4 below, write a short paragraph which covers 1) What is meant by the term, 2) How many firms are typically involved, 3) What product differentiation exists, if any, 4) How much control do the firms have over their own prices, and 5) How easy is it for other firms to enter the industry.

1. Perfect competition
2. Imperfect competition
3. Oligopoly
4. Monopoly

Part 2: Industries & Products

1. From an economist’s point of view, what is a market? Describe the characteristics that make a “market”. Use complete sentences.
2. What is meant by the term “Barrier to Entry” when discussing types of industries? This is an important concept: after defining the term, try to list 3 examples of industries which have low entry barriers, and 3 which have high.

Definition:

Low barrier examples: i.

 ii.

 iii.

High barrier examples: i.

 ii.

 iii.

1. Why can’t a firm in a perfectly competitive market slightly raise its price so that it might make a little more profit? Use bottled water as an example. Explain what would happen in the market. Take your time and use complete sentences.
2. How can a bottled water firm make more profit? Give this some thought. There are several ways! Approach this question as an entrepreneur, and give me several ways/methods they could make more profit. Take your time.
	1.
	2.
	3.

Part 3: Antitrust Legislation

1. During the late 1800’s, after the Civil War ended, America saw a period of tremendous industrial growth. Americans became concerned about large Trusts and Monopolies threatening to dominate certain markets and unduly influence Congress. Do some Internet research and expound on this problem: What industries were causing all the concern? Name a few. What were they doing that “threatened” the economic system? Why was the public concerned? Give this some thought. Answer with complete sentences.

Industries, and explain what/why/how:

a.

b.

c.

1. What was the Sherman Antitrust Act of 1890? What did it do? What was its purpose?
2. What four practices did the Clayton Act of 1914 end?

Part 4: Patents

A patent gives you an exclusive right to build and sell that product for the life of the patent. No one else can copy your product. If they do, you can sue them and force them to give you their profits. It’s a powerful tool to protect your product or idea, and prevent others from directly competing against you on something you invented.

1. Look at the patent for the original iPhone, Generation 1 which is posted on the class page. You can pull it up on Google Patents if you don’t have it. (Patent number US D558,758)
2. When was the patent issued?
3. The “Assignee” owns the patent rights. Who is the Assignee in this case?
4. How long is the patent good for? i.e. How long does the owner have the exclusive rights?
5. How many inventors are listed? What very famous person is listed among the inventors?
6. Who was the primary examiner for this patent application?
7. Do a Google search for the primary examiner’s name. She has approved dozens and dozens of patents for the U.S. Patent & Trademark Office. Scroll through them. Do you see a pattern, or a general type, of the sorts of items she has approved?
8. Who was the attorney firm which was representing Apple?
9. The “claims” are the heart of a patent – they define the limits of what it covers: What is the “claim” being made in this patent? Exactly what is Apple “claiming” is novel and unique about this iPhone design? Read the final 3 paragraphs on page 2, and look at Figures 1-8: what exactly is Apple claiming to patent, here?