



## Section 1: Quiz

## Perfect Competition

## CHAPTER 7

**A. Key Terms**

Match the descriptions in Column I with the terms in Column II. Write the letter of the correct answer in the blank provided.

**Column I**

- \_\_\_\_\_ 1. expenses a new business must pay before the first product reaches the customer
- \_\_\_\_\_ 2. factors that make it difficult for new firms to enter a market
- \_\_\_\_\_ 3. a product that is considered the same regardless of who makes or sells it
- \_\_\_\_\_ 4. a market with many well-informed buyers and sellers, identical products, and free entry and exit

**Column II**

- a. perfect competition
- b. barriers to entry
- c. start-up costs
- d. commodity

**B. Main Ideas**

Write the letter of the correct answer in the blank provided.

- \_\_\_\_\_ 5. Why does a perfectly competitive market require many participants as both buyers and sellers?
  - a. because the merchandise must be uniform
  - b. so that no individual can control the price
  - c. in order to maintain quality over the goods
  - d. so that both buyer and seller have the same information
- \_\_\_\_\_ 6. Milk is considered a commodity because it is which of the following?
  - a. an inexpensive product
  - b. a product that can be bought in many different ways
  - c. the same product regardless of who sells it
  - d. an agricultural product
- \_\_\_\_\_ 7. What is the relationship between start-up costs and a competitive market?
  - a. Markets with high start-up costs are less likely to be perfectly competitive.
  - b. Markets with high start-up costs are more likely to be perfectly competitive.
  - c. Low start-up costs are likely to make a market less competitive.
  - d. There is no consistent relationship between start-up costs and the competitiveness of a market.
- \_\_\_\_\_ 8. Which of the following is characteristic of a competitive market?
  - a. high costs
  - b. low output
  - c. inexhaustible supply
  - d. efficiency
- \_\_\_\_\_ 9. How does a perfect market influence output?
  - a. Each firm adjusts its output so that its costs, including profit, are covered.
  - b. Each firm makes its output as large as possible even though some goods are not sold.
  - c. Different firms make different amounts of goods, but some make a profit and others do not.
  - d. Different firms each strive to make more goods and capture more of the market.
- \_\_\_\_\_ 10. Why are there actually relatively few markets in which there is perfect competition?
  - a. Lack of demand keeps buyers from the market.
  - b. High prices keep companies in the market longer than necessary.
  - c. Barriers keep companies from entering the market freely.
  - d. Buyers will not pay more for perfect competition.



## Section 3: Quiz

# Monopolistic Competition and Oligopoly

## A. Key Terms

Match the descriptions in Column I with the terms in Column II. Write the letter of the correct answer in the blank provided.

### Column I

- \_\_\_\_\_ 1. many companies in an open market selling similar products
- \_\_\_\_\_ 2. a market structure dominated by a few large, profitable firms
- \_\_\_\_\_ 3. an agreement among firms to sell at the same or very similar prices
- \_\_\_\_\_ 4. a formal organization of producers that agree to coordinate prices and production

### Column II

- a. cartel
- b. oligopoly
- c. price fixing
- d. monopolistic competition

## B. Main Ideas

Write the letter of the correct ending in the blank provided.

- \_\_\_\_\_ 5. If two shops sell the same merchandise but one offers a higher level of service, the service distinction is a form of
  - a. price fixing.
  - b. nonprice competition.
  - c. choice among substitute products.
  - d. local competition.
- \_\_\_\_\_ 6. An agreement among members of an oligopoly to set prices and production levels is called
  - a. price leadership.
  - b. competition.
  - c. collusion.
  - d. imperfect monopoly.
- \_\_\_\_\_ 7. A major characteristic of monopolistic competition is that prices will be
  - a. higher than in perfect competition.
  - b. lower than in perfect competition.
  - c. higher than in a true monopoly.
  - d. unrelated to the type of competition.
- \_\_\_\_\_ 8. In monopolistic competition, profits well in excess of costs are unlikely because
  - a. nonprice competition only works for the short term.
  - b. customers always return to the product that is least expensive, even if the quality of that product is much lower.
  - c. excess output can be maintained only for short periods.
  - d. established rivals and new firms would lure customers away with slightly different and/or cheaper products.
- \_\_\_\_\_ 9. A cartel is able to survive only if
  - a. government regulations permit it.
  - b. every member keeps to the agreed output levels.
  - c. members are scrupulous about where they sell goods.
  - d. members use advertising to differentiate their goods.
- \_\_\_\_\_ 10. The main difference between perfect competition and monopolistic competition is that
  - a. in perfect competition the prices are set by the government.
  - b. in perfect competition the buyer is free to buy from any seller he or she chooses.
  - c. in monopolistic competition there are fewer sellers and more buyers.
  - d. in monopolistic competition sellers can profit from the differences between their products and other products.





## Section 4: Quiz

## Regulation and Deregulation

## CHAPTER 7

## A. Key Terms

Match the descriptions in Column I with the terms in Column II. Write the letter of the correct answer in the blank provided.

## Column I

- \_\_\_\_\_ 1. setting the market price below cost in the short term to drive competitors out of business
- \_\_\_\_\_ 2. government policies that keep firms from controlling the price and supply of important goods
- \_\_\_\_\_ 3. the government no longer decides what role each company can play in the market and how much it can charge
- \_\_\_\_\_ 4. a company joins another company or companies to form a single firm

## Column II

- a. antitrust laws
- b. predatory pricing
- c. merger
- d. deregulation

## B. Main Ideas

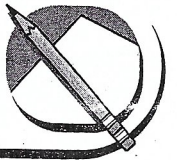
Write the letter of the correct ending in the blank provided.

- \_\_\_\_\_ 5. Antitrust laws allow the U.S. government to do all of the following except
  - a. watch and regulate industry.
  - b. stop firms from forming monopolies.
  - c. stop firms from selling new products.
  - d. break up existing monopolies.
- \_\_\_\_\_ 6. The U.S. government's policies to deregulate the banking industry allowed savings and loan (S & L) banks to get into trouble because
  - a. too many S & L banks made large, risky loans.
  - b. S & L banks were unable to compete with other types of banks.
  - c. too many S & L banks opened too many branches.
  - d. people withdrew their money from too many S & L banks.
- \_\_\_\_\_ 7. The government claimed that, to illegally extend its control over the market, Microsoft had used
  - a. predatory pricing and mergers.
  - b. predatory pricing and forming a cartel with other companies.
  - c. predatory pricing and buying out competitors.
  - d. predatory pricing and requiring customers to buy other products.
- \_\_\_\_\_ 8. Before government approves a merger, companies must prove that the merger would
  - a. be beneficial by creating an artificial monopoly.
  - b. lower costs and consumer prices or lead to a better product.
  - c. be good for certain consumers but not others.
  - d. actually raise the number of competitors in the market.
- \_\_\_\_\_ 9. Inventions like cellular phones can affect the government's antitrust policies because
  - a. people using the technology do not want antitrust regulations.
  - b. government rules can allow higher charges than competition.
  - c. the technology causes the need for more strict regulation than before.
  - d. they can mean that the need for regulation no longer exists.
- \_\_\_\_\_ 10. The purpose of both deregulation and antitrust laws is to
  - a. promote competition.
  - b. promote government control.
  - c. prevent inefficient commerce.
  - d. prevent monopolies.



# Section 1: Quiz

## Sole Proprietorships



### A. Key Terms

Match the descriptions in Column I with the terms in Column II. Write the letter of the correct answer in the blank provided.

#### Column I

- \_\_\_\_\_ 1. a business owned and managed by a single individual
- \_\_\_\_\_ 2. an authorization from the local government to carry on an enterprise
- \_\_\_\_\_ 3. an arrangement whereby cities and towns designate separate areas for businesses
- \_\_\_\_\_ 4. the legal obligation to pay debts
- \_\_\_\_\_ 5. a payment to employees other than wages or salaries

#### Column II

- a. fringe benefit
- b. sole proprietorship
- c. zoning law
- d. business license
- e. liability

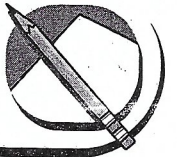
### B. Main Ideas

Write the letter of the correct ending in the blank provided.

- \_\_\_\_\_ 6. Any establishment formed to carry on commercial enterprises is a
  - a. partnership.
  - b. business organization.
  - c. sole proprietorship.
  - d. corporation.
- \_\_\_\_\_ 7. All of the following are major advantages of a sole proprietorship except
  - a. ease of starting the business.
  - b. the owner has full control.
  - c. the possibility of fast, flexible decision making.
  - d. unlimited personal liability.
- \_\_\_\_\_ 8. If a sole proprietorship fails, the owner of the business
  - a. must pay all the business debts.
  - b. must pay off the investors.
  - c. has to do elaborate legal work to close the business.
  - d. can close the business with no payments to anyone.
- \_\_\_\_\_ 9. A major disadvantage of the sole proprietorship is that
  - a. the business cannot be sold if it does well.
  - b. the business can be difficult to relocate.
  - c. banks are often unwilling to lend money to the business.
  - d. no one can work for the business owner.
- \_\_\_\_\_ 10. A major advantage of a sole proprietorship is that
  - a. the owner is completely responsible for the business decisions.
  - b. the owner has no liability for the debts of the business.
  - c. the owner must be able to maintain and run the business independently.
  - d. it is relatively easy to borrow money for the business.



## Section 2: Quiz Partnerships



### A. Key Terms

Match the descriptions in Column I with the terms in Column II. Write the letter of the correct answer in the blank provided.

#### Column I

- \_\_\_\_\_ 1. a business in which all partners share in both responsibility and liability
- \_\_\_\_\_ 2. a business in which all partners are limited from personal liability in certain situations
- \_\_\_\_\_ 3. a business in which only one person has unlimited personal liability for the business's actions
- \_\_\_\_\_ 4. a state law that establishes rules for partnerships
- \_\_\_\_\_ 5. a legal agreement that sets out each partner's rights and responsibilities in a particular partnership

#### Column II

- a. limited partnership
- b. limited liability partnership
- c. general partnership
- d. Uniform Partnership Act
- e. articles of partnership

### B. Main Ideas

Write the letter of the correct answer in the blank provided.

- \_\_\_\_\_ 6. What percentage of all businesses are partnerships?
  - a. 2 percent
  - b. 7 percent
  - c. 15 percent
  - d. 25 percent
- \_\_\_\_\_ 7. What is a major advantage of a business that is a partnership rather than a sole proprietorship?
  - a. The responsibility for the business is shared.
  - b. The business is easy to start up.
  - c. The partners are not responsible for the business debts.
  - d. The business is easy to sell.
- \_\_\_\_\_ 8. What is the difference between a limited partnership and a limited liability partnership?
  - a. In a limited partnership, every partner is responsible for the company's actions.
  - b. In a limited partnership, partners cannot lose the money they have invested.
  - c. In a limited liability partnership, only one partner manages the business.
  - d. In a limited liability partnership, all partners are limited from liability in some situations.
- \_\_\_\_\_ 9. What are assets?
  - a. suits against a partnership
  - b. absolute control over a company
  - c. money and other valuables
  - d. taxes that apply to a partnership
- \_\_\_\_\_ 10. How is a general partnership organized?
  - a. Every partner shares equally in both responsibility and liability.
  - b. The doctors, lawyers, or accountants who form a general partnership hire others to run the partnership.
  - c. No partner is responsible for the debts of the partnership beyond his or her investment.
  - d. Only one partner is responsible for the debts of the partnership.

1-c, 2-b, 3-a, 4-d, 5-e, 6-b, 7-a, 8-d, 9-c, 10-a



## Section 1: Quiz

## Labor Market Trends

## CHAPTER 9

**A. Key Terms**

Briefly define or identify each of the following.

1. learning effect \_\_\_\_\_  
\_\_\_\_\_
2. screening effect \_\_\_\_\_  
\_\_\_\_\_
3. contingent employment \_\_\_\_\_  
\_\_\_\_\_

**B. Main Ideas**

Write the letter of the correct answer in the blank provided.

- \_\_\_\_\_ 4. Which of the following jobs was held by most workers in the United States at the founding of the country?
  - a. ship builder
  - b. farm worker
  - c. shopkeeper
  - d. soldier
- \_\_\_\_\_ 5. Why are U.S. firms moving manufacturing jobs overseas?
  - a. Labor costs less overseas.
  - b. Transportation is cheaper overseas.
  - c. More skilled workers are available overseas.
  - d. Goods are transported overseas when they are finished.
- \_\_\_\_\_ 6. What percentage of adult women are in the work force today?
  - a. 35 percent
  - b. 45 percent
  - c. 60 percent
  - d. 75 percent
- \_\_\_\_\_ 7. What is one reason many firms hire temporary workers to do a particular job?
  - a. flexible work arrangements
  - b. greater reliability
  - c. lower hiring and training costs
  - d. higher productivity
- \_\_\_\_\_ 8. How have the earnings of U.S. workers changed over the last 20 years?
  - a. Wages of all workers have gone up.
  - b. Wages of all workers have gone down.
  - c. Wages of college graduates only have gone up.
  - d. Wages of non-college graduates only have gone up.
- \_\_\_\_\_ 9. What percentage of the total compensations in the U.S. economy today is composed of benefits?
  - a. 8 percent
  - b. 12 percent
  - c. 20 percent
  - d. 28 percent
- \_\_\_\_\_ 10. Which of the following jobs is expected to double in the next few years?
  - a. computer engineer
  - b. real estate salesperson
  - c. automobile mechanic
  - d. nurse





## Section 2: Quiz

# Labor and Wages

### A. Key Terms

Use each of these terms in a sentence that suggests its meaning.

1. labor force \_\_\_\_\_
2. equilibrium wage \_\_\_\_\_
3. glass ceiling \_\_\_\_\_
4. featherbedding \_\_\_\_\_

### B. Main Ideas

Write the letter of the correct answer in the blank provided.

- \_\_\_\_\_ 5. What is the basic economic principle that decides how high wages will be?
  - a. Employers will not pay more than a worker is worth.
  - b. People who want jobs will find them.
  - c. Employers will hire the cheapest people.
  - d. Supply and demand control wages.
- \_\_\_\_\_ 6. What is one strategy that employers use to continue to do business despite high wages?
  - a. Look for less skilled workers to do a job.
  - b. Pay less and hope to attract good workers.
  - c. Replace some of the workers with machines.
  - d. Scale down the business to hire fewer people.
- \_\_\_\_\_ 7. What factors can affect wages?
  - a. minimum wage laws
  - b. safety laws
  - c. labor unions
  - d. all of the above
- \_\_\_\_\_ 8. Which of the following is generally considered to be a skilled worker?
  - a. machinist
  - b. lawyer
  - c. store clerk
  - d. teacher
- \_\_\_\_\_ 9. How does the pay level of men compare to women?
  - a. Women earn less than half of what men earn.
  - b. Women earn about half of what men earn.
  - c. Women earn about 75 percent of what men earn.
  - d. Women and men earn an equal amount.
- \_\_\_\_\_ 10. What is a generally one of the major differences between union and nonunion workers?
  - a. Union workers have more education.
  - b. Union workers are more productive employees.
  - c. Union workers have more skills and training.
  - d. Union workers earn more money for similar work.



## Section 3: Quiz

# Organized Labor

### CHAPTER 9

#### A. Key Terms

Match the descriptions in Column I with the terms in Column II. Write the letter of the correct answer in the blank provided.

##### Column I

- \_\_\_\_\_ 1. the process by which union and company representatives meet to negotiate and form a new labor contract
- \_\_\_\_\_ 2. a settlement technique in which a third party reviews the case and imposes a legally binding decision
- \_\_\_\_\_ 3. an organization of workers that tries to improve working conditions, wages, and benefits for its members
- \_\_\_\_\_ 4. an organized work stoppage intended to force an employer to address union demands
- \_\_\_\_\_ 5. a measure that bans mandatory union membership

##### Column II

- a. labor union
- b. collective bargaining
- c. arbitration
- d. right-to-work law
- e. strike

#### B. Main Ideas

Write the letter of the correct answer in the blank provided.

- \_\_\_\_\_ 6. What is generally the difference between blue-collar workers and white-collar workers?
  - a. Blue-collar workers have industrial jobs; white-collar workers have professional or clerical jobs.
  - b. Blue-collar workers earn a salary; white-collar workers receive regular wages.
  - c. Blue-collar workers receive low pay; white-collar workers receive high pay.
  - d. Blue-collar workers have seasonal work; white-collar workers work all year.
- \_\_\_\_\_ 7. Which legislation enacted in 1947 may have been a reason for the decline in union membership?
  - a. the Fair Labor Standards Act
  - b. the Wagner Act
  - c. the Taft-Hartley Act
  - d. the Norris-LaGuardia Act
- \_\_\_\_\_ 8. What is one of a labor union's primary goals?
  - a. to make decisions about the workplace
  - b. to gain promotions for workers
  - c. to keep nonunion workers out of jobs
  - d. to secure its workers' jobs
- \_\_\_\_\_ 9. What is considered a negative impact caused by a strike?
  - a. loss of profits
  - b. loss of wages
  - c. loss of jobs
  - d. all of the above
- \_\_\_\_\_ 10. What has been the pattern of union membership in recent years?
  - a. growth of private sector unions only
  - b. growth of public sector unions only
  - c. growth of both public and private sector unions
  - d. growth of neither public nor private sector unions



