Name ______________________ Date ______________ Class ______________

Content Vocabulary Activity

CHAPTER 7: MARKET STRUCTURES

***Directions:** Read each vocabulary clue on the left, then write the letter of the matching term in the blank space.*

____ **1.** a market structure that has all the conditions of perfect competition except for identical products

____ **2.** philosophy that government should not interfere with business activities

____ **3.** market structure in which a few large sellers dominate the industry

____ **4.** formal agreement between firms to set prices or to behave in a cooperative manner

____ **5.** a market structure that lacks one or more of the conditions of perfect competition

____ **6.** a market structure with only one seller of a particular product

____ **7.** a theoretical ideal in which a large number of well-informed independent buyers and sellers exchange identical products

____ **8.** a monopoly based on ownership or control of a manufacturing method, process, or other scientific advancement

____ **9.** the nature and degree of competition among firms in the same industry

____ **10.** situation in which the average cost of production falls as the firm gets larger, thereby justifying the firm to be as large as is necessary to reduce production costs

____ **11.** combination of corporations or companies organized to hinder competition

____ **12.** unintended side effect that either benefits or harms a third party not involved in the activity that caused it

____ **13.** a form of collusion in which firms agree to charge the same or similar prices for a product

____ **14.** usually involves inadequate competition, inadequate information, resource immobility, public goods, or externalities

a. collusion
b. market structure
c. economies of scale
d. externality
e. monopolistic competition
f. laissez-faire
g. market failure
h. monopoly
i. oligopoly
j. technological monopoly
k. perfect competition
l. imperfect competition
m. price-fixing
n. trust

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QUIZ ◆ Chapter 7, Section 1

COMPETITION AND MARKET STRUCTURES

SCORE

Matching: *Match each item in Column A with the items in Column B. Write the correct letters in the blanks. (10 points each)*

A

_____ **1.** perfect competition

_____ **2.** nonprice competition

_____ **3.** oligopoly

_____ **4.** collusion

_____ **5.** economies of scale

B

a. market structure in which a few very large sellers dominate the industry

b. market situation in which a large number of well-informed and independent buyers and sellers exchange identical products

c. market situation in which there is only one seller of a product that has no close substitutes

d. the use of advertising, giveaways, or other promotions to convince buyers that one product is better than another

e. a situation in which the average cost of production falls as the firm gets larger

f. a formal agreement to set prices or to otherwise behave in a cooperative manner

Multiple Choice: *In the blank at the left, write the letter of the choice that best completes the statement or answers the question. (10 points each)*

_____ **6.** When firms agree to charge the same or similar prices for a product, this is known as

a. price-fixing.
b. independent behavior.
c. a natural monopoly.
d. laissez-faire.

_____ **7.** A monopoly based on the absence of other sellers in a certain location is called

a. an oligopoly.
b. a natural monopoly.
c. a geographic monopoly.
d. economies of scale.

_____ **8.** Monopolistic competition is separated from pure competition by

a. collusion.
b. profit maximization.
c. product differentiation.
d. imperfect competition.

_____ **9.** Oligopoly is a market structure with a great deal of

a. competition among firms.
b. interdependence among firms.
c. independence among firms.
d. profits among firms.

_____ **10.** A monopoly's prices are determined by

a. competing firms.
b. market equilibrium.
c. perfect competition.
d. the monopoly.

Name ______________________ Date ______________ Class ______________

QUIZ ◆ Chapter 7, Section 2

MARKET FAILURES

SCORE

Matching: *Match each item in Column A with the items in Column B. Write the correct letters in the blanks. (10 points each)*

A

_____ **1.** market failure

_____ **2.** externality

_____ **3.** negative externality

_____ **4.** positive externality

_____ **5.** public goods

B

a. an unintended side effect that either benefits or harms an uninvolved third party

b. an unwanted harm, cost, or inconvenience suffered by a third party because of actions by others

c. products that are collectively-consumed by everyone

d. condition necessary for a competitive market economy

e. a benefit received by a third party that had nothing to do with the activity that generated the benefit

f. occurs when one of the several conditions necessary for competitive markets does not exist

Multiple Choice: *In the blank at the left, write the letter of the choice that best completes the statement or answers the question. (10 points each)*

_____ **6.** The causes of market failure include
- **a.** increased competition, inadequate information, and resource immobility.
- **b.** inadequate competition, inadequate information, and externalities.
- **c.** inadequate competition, inadequate information, and resource mobility.
- **d.** increased competition, inadequate information, and externalities.

_____ **7.** Which of the following is a public good?
- **a.** shopping mall
- **b.** movie theater
- **c.** amusement park
- **d.** lighthouse

_____ **8.** What is the result of inadequate competition?
- **a.** the development of monopolies
- **b.** inefficient use of resources
- **c.** excessive political influence by businesses
- **d.** all of the above

_____ **9.** Positive and negative externalities are called market failures because
- **a.** they cause imperfect competition.
- **b.** they lead to higher prices.
- **c.** their costs and benefits are not reflected in the prices paid by buyers and received by sellers.
- **d.** they provide public goods.

_____ **10.** Which of the following is an example of resource mobility?
- **a.** an engineer asking for a higher wage
- **b.** an aircraft factory laying off engineers
- **c.** an unemployed worker taking a job in a different industry
- **d.** an aircraft factory selling its products overseas

Name ______________________ Date ________________ Class ________________________

QUIZ ◆ Chapter 7, Section 3

THE ROLE OF GOVERNMENT

SCORE

Matching: *Match each item in Column A with the items in Column B. Write the correct letters in the blanks. (10 points each)*

A

____ **1.** trusts

____ **2.** Clayton Antitrust Act

____ **3.** price discrimination

____ **4.** Robinson-Patman Act

____ **5.** cease and desist order

B

a. strengthened previous legislation regarding price discrimination

b. built on Sherman Antitrust Act by extending government powers against monopolies

c. an FTC ruling requiring a company to stop an unfair business practice

d. combinations of corporations or companies

e. practice of charging different customers different prices for the same product

f. requirement that businesses reveal information to the public

Multiple Choice: *In the blank at the left, write the letter of the choice that best completes the statement or answers the question. (10 points each)*

____ **6.** Which of the following antitrust laws was enacted first?
- **a.** Federal Trade Commission Act
- **b.** Clayton Antitrust Act
- **c.** Sherman Antitrust Act
- **d.** Robinson-Patman Act

____ **7.** The federal law that first outlawed price discrimination was the
- **a.** Federal Trade Commission Act.
- **b.** Clayton Antitrust Act.
- **c.** Sherman Antitrust Act.
- **d.** Robinson-Patman Act.

____ **8.** Public disclosure supports competition by
- **a.** providing buyers and sellers with information.
- **b.** revealing competitive trade secrets.
- **c.** converting private businesses into government agencies.
- **d.** concentrating information in the hands of the government.

____ **9.** Which of the following would most likely be subject to government monopoly regulations?
- **a.** a computer software company
- **b.** a large oil company
- **c.** a local restaurant
- **d.** a local cable company

____ **10.** The government takes part in the United States economy to
- **a.** protect the public from false claims and harmful products.
- **b.** prevent monopolies and unfair business practices.
- **c.** regulate industries in which monopolies serve the public good.
- **d.** all of the above