Chapter 7 Vocabulary

*Define each of the following Economic Terms.*

1. Regulation
2. Trust
3. Price Fixing
4. Predatory Pricing
5. Deregulation

7.4 Review Questions

*Use Chapter 7.4 notes (provided to you) to answer these questions*

1. What is the main purpose of anti trust legislation?
2. How does market allocation lead to reduced competition?
3. When and why does the government issue “cease and desist” orders?
4. How do public disclosure requirements protect consumers?

**Chapter 7 Quiz**

**Multiple Choice**

*Identify the choice that best completes the statement or answers the question.*

\_\_\_\_ 1. Controlling business behavior through a set of rules or laws is called

|  |  |
| --- | --- |
| a. | disclosure |
| b. | discrimination |
| c. | regulation |
| d. | subsidizing |

\_\_\_\_ 2. A group of firms combined for the purpose of reducing competition in an industry is called a

|  |  |
| --- | --- |
| a. | commission |
| b. | monopoly |
| c. | oligopoly |
| d. | trust |

\_\_\_\_ 3. The practice of businesses working together to set the prices for competing products is called

|  |  |
| --- | --- |
| a. | deregulation pricing |
| b. | predatory pricing |
| c. | price disclosure |
| d. | price fixing |

\_\_\_\_ 4. A ruling that requires a firm to stop an unfair business practice is called a

|  |  |
| --- | --- |
| a. | cease and desist order |
| b. | cease and prevent order |
| c. | prevent and desist order |
| d. | prevent and stop order |

\_\_\_\_ 5. A government policy that requires businesses to reveal product information to consumers is called

|  |  |
| --- | --- |
| a. | public disclosure |
| b. | public revelation |
| c. | public share |
| d. | public trust |

\_\_\_\_ 6. Which of the following is an example of antitrust legislation?

|  |  |
| --- | --- |
| a. | a law that approves a subsidy for drug research |
| b. | a law that breaks up an oil monopoly |
| c. | a law that prevents price fixing in the CD industry |
| d. | a law that requires a construction firm to stop predatory pricing |

\_\_\_\_ 7. By controlling supply monopolists can control

|  |  |
| --- | --- |
| a. | mergers |
| b. | needs |
| c. | price |
| d. | resources |

\_\_\_\_ 8. The deregulation of the airline industry caused

|  |  |
| --- | --- |
| a. | prices to fall and service to improve |
| b. | prices to fall and service to decline |
| c. | prices to rise and service to improve |
| d. | prices to rise and service to decline |

\_\_\_\_ 9. Which of the following will the FTC probably support?

|  |  |
| --- | --- |
| a. | a merger that leads to greater market concentration |
| b. | a merger that leads to lower prices for consumers |
| c. | a merger that lowers competition in an industry |
| d. | a merger that makes entering a market more difficult |

**Essay**

………..>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>

**B: Extended Response**

Answer the following question on the back of this paper or on a separate sheet of paper.

10. What are the benefits and drawbacks of deregulation?

Chapter 8 Vocabulary

*Define each of the following Economic Terms.*

1. Business organization
2. Sole Proprietorship
3. Limited life
4. Unlimited Liability
5. Partnership
6. Limited partnership
7. Corporation
8. Stock
9. Public company
10. Private company
11. Multinational corporation

Chapter 8 Review Questions

*Use Chapter 8 notes (provided to you) to answer these questions*

8.1

1. What are the advantages of a sole proprietorship?
2. What are the disadvantages of a sole proprietorship?
3. Who gets the profits from a sole proprietorship?
4. What are the necessary steps needed to open a sole proprietorship?

8.2

1. What are the advantages of a partnership?
2. What are the disadvantages of a partnership?
3. How do the increased resources of a partnership help a business?
4. What determines how partners will divide responsibilities, profits, and debts?

8.3

1. What are the advantages of a corporation?
2. What are the disadvantages of a corporation?
3. How do corporations raise money?
4. What is a multinational corporation?

**Chapter 8 Quiz**

**Multiple Choice**

*Identify the choice that best completes the statement or answers the question.*

**Part 1: Main Idea**

\_\_\_\_ 1. What does the term *limited life* mean?

|  |  |
| --- | --- |
| a. | The business is restricted in size. |
| b. | There is a ceiling on the amount of business expenses. |
| c. | There are many regulations about business activities. |
| d. | The business does not continue if the owner leaves. |

\_\_\_\_ 2. What is the name for an individual who owns a share of a corporation and is entitled to part of its profits?

|  |  |
| --- | --- |
| a. | director |
| b. | officer |
| c. | president |
| d. | stockholder |

\_\_\_\_ 3. What is one of the major disadvantages of corporations?

|  |  |
| --- | --- |
| a. | limited funds |
| b. | limited life |
| c. | loss of control |
| d. | unlimited liability |

\_\_\_\_ 4. What is it called when companies that produce the same product merge?

|  |  |
| --- | --- |
| a. | horizontal merger |
| b. | vertical merger |
| c. | conglomerate |
| d. | multinational corporation |

\_\_\_\_ 5. What of the following is a typical startup requirement for a sole proprietorship?

|  |  |
| --- | --- |
| a. | obtaining a business license |
| b. | selling shares on the stock market |
| c. | signing a contract with a partner |
| d. | hiring officers to run the company |

\_\_\_\_ 6. Which has the potential to be both an advantage and disadvantage of partnership?

|  |  |
| --- | --- |
| a. | joint decision making |
| b. | additional resources |
| c. | specialization |
| d. | few regulations |

\_\_\_\_ 7. What is a dividend?

|  |  |
| --- | --- |
| a. | the part of the corporation owned by a stockholder |
| b. | the part of the corporate profits paid to a stockholder |
| c. | the part of the corporation most available to stockholders |
| d. | the part of the corporate debt owed by the stockholders |

\_\_\_\_ 8. Which of the following are advantages that corporations have over sole proprietorships and partnerships?

|  |  |
| --- | --- |
| a. | limited life, limited liability |
| b. | limited life, greater access to funds |
| c. | unlimited life, limited liability |
| d. | unlimited liability, greater access to funds |

\_\_\_\_ 9. What is it called when several companies producing unrelated products merge?

|  |  |
| --- | --- |
| a. | horizontal merger |
| b. | vertical merger |
| c. | conglomerate |
| d. | multinational corporation |

\_\_\_\_ 10. If the owner of a sole proprietorship closes his business while owing many debts, what is likely to happen?

|  |  |
| --- | --- |
| a. | He will have to sell his house and use his savings to pay those debts. |
| b. | The creditors will forgive the debts because they were business related. |
| c. | He will deduct the debts on his income tax return and receive a big refund. |
| d. | The bank will give him a business loan so he can pay debts and start over. |

Chapter 9 Vocabulary

*Define each of the following Economic Terms.*

1. Wages
2. Human Capital
3. Glass Ceiling
4. Minimum Wage
5. Labor Union
6. Strike

Chapter 9 Review Questions

*Use Chapter 9 notes (provided to you) to answer these questions*

9.1

1. What market forces influence wages?
2. Why are education and training considered a kind of capital?

9.2

1. In what ways has the US labor force changed since the 1950s?
2. What are the 3 economic sectors of the US Economy?
3. How has the US economy become a global market?

9.3

1. What is a Union?
2. What accomplishment of the Knights of Labor do we see reflected in today’s labor force?
3. Provide 2 reasons for the decline of the labor movement.

**Chapter 9 Quiz**

**Multiple Choice**

*Identify the choice that best completes the statement or answers the question.*

\_\_\_\_ 1. The knowledge and skill that enable workers to be productive is called

|  |  |
| --- | --- |
| a. | human capital |
| b. | talent capital |
| c. | human supply |
| d. | talent supply |

\_\_\_\_ 2. Unseen barriers to career advancement are called

|  |  |
| --- | --- |
| a. | the crystal umbrella |
| b. | the glass ceiling |
| c. | the invisible roof |
| d. | the transparent dome |

\_\_\_\_ 3. The lowest rate legally allowed for one hour of work is called

|  |  |
| --- | --- |
| a. | lowest salary |
| b. | lowest wage |
| c. | minimum wage |
| d. | minimum salary |

\_\_\_\_ 4. The primary sector is made up of

|  |  |
| --- | --- |
| a. | jobs related directly to natural resources |
| b. | jobs related to the production of goods |
| c. | jobs related to retail sales |
| d. | jobs related to services |

\_\_\_\_ 5. The secondary sector is made up of

|  |  |
| --- | --- |
| a. | jobs related directly to natural resources |
| b. | jobs related to the production of goods |
| c. | jobs related to retail sales |
| d. | jobs related to services |

\_\_\_\_ 6. The first nationwide union that organized workers by industry was called the

|  |  |
| --- | --- |
| a. | American Railway Union |
| b. | American Federation of Labor |
| c. | Knights of Labor |
| d. | National Labor Union |

\_\_\_\_ 7. The reputation of labor unions declined when investigators discovered that some unions

|  |  |
| --- | --- |
| a. | had ties with dictatorships |
| b. | had ties with foreign powers |
| c. | had ties with the military |
| d. | had ties with organized crime |