



## Section 4: Quiz

# Regulation and Deregulation

## 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.