

Chapter 12 Questions

1. What does antitrust legislation do?
2. Why has there seemingly been very little forced company breakups in the last decade?
3. Create an example of calculating the Herf.
4. What steps does the government take to stop price fixing?
5. Explain retail price maintenance. Give an example.
6. What conditions lead to a higher Herf?
7. What conditions lead to a lower Herf?
8. What's the difference between a vertical monopoly v. a horizontal monopoly?
9. How is the rule of reason used in economics?
10. How does predatory pricing work?
11. What conditions would indicate a natural monopoly was earning normal profits?
12. What purpose would be served by the government instituting price controls?
13. What does the Herfindahl-Hirschman index measure?
14. What happened during the deregulation period of the 1980s?
15. What effect would come about from breaking up a natural monopoly?
16. When would the Federal Trade Commission likely oppose a merger?
17. What brought about the great mergers of 100 years ago?
18. Thoroughly explain what the Sherman Antitrust Act does?
19. Why would regulating a natural monopoly be beneficial to an economy?
20. Why would a company engage in predatory pricing?