

Quiz: The Government Is a Referee

Question 1a of 10 ( 2 Unfair business practices 232473 )

Maximum Attempts: 1  
 Question Type: Multiple Choice  
 Maximum Score: 2

Question: Why does the government need to regulate the free market to protect competition?

Choice	Feedback
<input type="radio"/> Competition by itself cannot make companies efficient and innovative.	
<input checked="" type="radio"/> Producers driven by the profit motive seek to reduce their competition.	Correct! Eliminating competition enables producers to charge higher prices and make greater profits.
<input type="radio"/> The government would always have a budget surplus if it didn't protect competition.	
<input type="radio"/> Foreign producers are able to undersell domestic producers and drive them out of business.	

**Global Incorrect Feedback**  
 The correct answer is: Producers driven by the profit motive seek to reduce their competition. Eliminating competition enables producers to charge higher prices and make greater profits.

Question 1b of 10 ( 2 Unfair business practices 232474 )

Maximum Attempts: 1  
 Question Type: Multiple Choice  
 Maximum Score: 2

Question: Which of these gives companies an anticompetitive impulse?

Choice	Feedback
<input type="radio"/> efficiency	
<input type="radio"/> market research	
<input checked="" type="radio"/> the profit motive	Correct! Eliminating competition enables producers to charge higher prices and make greater profits.
<input type="radio"/> consumer behavior	

**Global Incorrect Feedback**  
 The correct answer is: the profit motive. Eliminating competition enables producers to charge higher prices and make greater profits.

Question 1c of 10 ( 2 Unfair business practices 232475 )

Maximum Attempts: 1  
 Question Type: Multiple Choice  
 Maximum Score: 2

Question: What is one effect of the profit motive?

Choice	Feedback
<input checked="" type="radio"/> It pushes companies to seek to eliminate competition.	Correct! Eliminating competition enables producers to charge higher prices and make greater profits.
<input type="radio"/> It gives companies an incentive to raise wages.	
<input type="radio"/> It enables the government to have a budget surplus.	
<input type="radio"/> It prevents foreign companies from underselling domestic producers.	

**Global Incorrect Feedback**  
 The correct answer is: It pushes companies to seek to eliminate competition. Eliminating competition enables producers to charge higher prices and make greater profits.

Question 2a of 10 ( 1 Unfair business practices 232476 )

Maximum Attempts: 1  
 Question Type: Multiple Choice  
 Maximum Score: 2

Question: What is a cartel?

Choice	Feedback
<input type="radio"/> a government agency protecting the rights of consumers	
<input type="radio"/> an association of labor unions working toward higher wages	
<input type="radio"/> an organization of countries attempting to lower trade barriers	
<input checked="" type="radio"/> a group of producers working together to raise prices and profits	Correct! Cartels use price fixing and production limitation to increase the profits of their members.

**Global Incorrect Feedback**  
 The correct answer is: a group of producers working together to raise prices and profits. Cartels use price fixing and production limitation to increase the profits of their members.

Question 2b of 10 ( 1 Unfair business practices 232477 )

Maximum Attempts: 1  
 Question Type: Multiple Choice  
 Maximum Score: 2

Question: Which of these is a group of producers working together to raise prices and increase profits?

Choice	Feedback
<input type="radio"/> a labor union	
<input checked="" type="radio"/> a cartel	Correct! Cartels use price fixing and production limitation to increase the profits of their members.
<input type="radio"/> a trade union	
<input type="radio"/> a labor contractor	

**Global Incorrect Feedback**  
 The correct answer is: a cartel. Cartels use price fixing and production limitation to increase the profits of their members.

Question 2c of 10 ( 1 Unfair business practices 232478 )

Maximum Attempts: 1  
 Question Type: Multiple Choice  
 Maximum Score: 2

Question: What unfair business practice do cartels use?

Choice	Feedback
<input type="radio"/> bid rigging	
<input type="radio"/> predatory pricing	
<input checked="" type="radio"/> price fixing	Correct! Cartels are groups of producers that agree to forgo competition and charge high prices in order to make greater profits.
<input type="radio"/> making misleading statements	

**Global Incorrect Feedback**  
 The correct answer is: price fixing. Cartels are groups of producers that agree to forgo competition and charge high prices in order to make greater profits.

Question 3a of 10 ( 3 Unfair business practices 232479 )

Maximum Attempts: 1  
 Question Type: Matching  
 Maximum Score: 2

Question: Match each unfair business practice with an example of its use.

Choice Text	Correct Match	Match Text
A. predatory pricing	<input type="checkbox"/>	A. a group of music companies agrees to charge \$20 for CDs.
B. making misleading statements	<input type="checkbox"/>	B. a large furniture maker charges a price below production cost in order to eliminate small competitors.
C. price fixing	<input type="checkbox"/>	B. a coffee maker falsely claims that its drinks reduce the incidence of heart attacks; price fixing: A group of music companies agrees to charge \$20 for CDs.

**Attempt | Incorrect Feedback**  
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**Correct Feedback**  
 Correct!

**Global Incorrect Feedback**  
 The correct answer is: predatory pricing: A large furniture maker charges a price below production cost in order to eliminate small competitors; making misleading statements: A coffee maker falsely claims that its drinks reduce the incidence of heart attacks; price fixing: A group of music companies agrees to charge \$20 for CDs.

Question 3b of 10 ( 3 Unfair business practices 232480 )

Maximum Attempts: 1  
 Question Type: Matching  
 Maximum Score: 2

Question: Match each action with the unfair business practice it represents.

Choice Text	Correct Match	Match Text
A. bid rigging	<input type="checkbox"/>	A. a defense contractor gets its competitors to agree not to enter bids.
B. production limitation	<input type="checkbox"/>	C. a group of sugar growers agrees to charge \$3 for a gallon of sugar.
C. price fixing	<input type="checkbox"/>	B. a cartel of sugar growers agrees to reduce the amount of sugar it brings to market.

**Attempt | Incorrect Feedback**  
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**Correct Feedback**  
 Correct!

**Global Incorrect Feedback**  
 The correct answer is: bid rigging: A defense contractor gets its competitors to agree not to enter bids; production limitation: A cartel of sugar growers agrees to reduce the amount of sugar it brings to market; price fixing: A group of oil companies agrees to charge \$3 for a gallon of oil.

Question 3c of 10 ( 3 Unfair business practices 232481 )

Maximum Attempts: 1  
 Question Type: Matching  
 Maximum Score: 2

Question: Match each type of unfair business practice with its description.

Choice Text	Correct Match	Match Text
A. vendor lock-in	<input type="checkbox"/>	B. a group of companies agrees to charge one price for a good.
B. price fixing	<input type="checkbox"/>	A. a company says that a wide range of products can be used with its product, which is not actually true; price fixing: A group of companies agrees to charge the same inflated price for a good; predatory pricing: A large company charges a price below production cost in order to eliminate small competitors.
C. predatory pricing	<input type="checkbox"/>	C. A large company charges a price below production cost in order to eliminate small competitors.

**Attempt | Incorrect Feedback**  
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**Correct Feedback**  
 Correct!

**Global Incorrect Feedback**  
 The correct answer is: vendor lock-in: A company says that a wide range of products can be used with its product, which is not actually true; price fixing: A group of companies agrees to charge the same inflated price for a good; predatory pricing: A large company charges a price below production cost in order to eliminate small competitors.

Question 4a of 10 ( 2 Consumer protection regulations 232482 )

Maximum Attempts: 1  
 Question Type: Multiple Choice  
 Maximum Score: 2

Question: What is one benefit of consumer-protection regulations?

Choice	Feedback
<input type="radio"/> a switch to progressive taxation	
<input type="radio"/> an increase in government power	
<input checked="" type="radio"/> a reduction in injuries and deaths	Correct! Many consumer-protection regulations provide for safer products that reduce harm to consumers.
<input type="radio"/> higher prices charged by producers	

**Global Incorrect Feedback**  
 The correct answer is: a reduction in injuries and deaths. Many consumer-protection regulations provide for safer products that reduce harm to consumers.

Question 4b of 10 ( 2 Consumer protection regulations 232483 )

Maximum Attempts: 1  
 Question Type: Multiple Choice  
 Maximum Score: 2

Question: What is one benefit of consumer-protection regulations?

Choice	Feedback
<input type="radio"/> increased costs to business	
<input type="radio"/> higher prices for consumers	
<input type="radio"/> broadened government power	
<input checked="" type="radio"/> greater consumer confidence	Correct! When consumers know that they are protected, they have more confidence that the products they buy are safe and truthfully advertised.

**Global Incorrect Feedback**  
 The correct answer is: greater consumer confidence. When consumers know that they are protected, they have more confidence that the products they buy are safe and truthfully advertised.

Question 4c of 10 ( 2 Consumer protection regulations 232484 )

Maximum Attempts: 1  
 Question Type: Multiple Choice  
 Maximum Score: 2

Question: What is one drawback to consumer-protection regulations?

Choice	Feedback
<input checked="" type="radio"/> higher prices for consumers	Correct! Complying with consumer-protection regulations costs producers money, and they pass these costs along to consumers.
<input type="radio"/> workplace safety	
<input type="radio"/> reduced tariff levels	
<input type="radio"/> streamlined production	

**Global Incorrect Feedback**  
 The correct answer is: higher prices for consumers. Complying with consumer-protection regulations costs producers money, and they pass these costs along to consumers.

Question 5a of 10 ( 2 Consumer protection regulations 232485 )

Maximum Attempts: 1  
 Question Type: Multiple Choice  
 Maximum Score: 2

Question: What do consumer-advocacy groups do?

Choice	Feedback
<input type="radio"/> regulate businesses	
<input type="radio"/> misrepresent products	
<input type="radio"/> contract with the government	
<input checked="" type="radio"/> promote the interest of consumers	Correct! Consumer-advocacy groups provide product information and advice to help consumers protect themselves.

**Global Incorrect Feedback**  
 The correct answer is: promote the interest of consumers. Consumer-advocacy groups provide product information and advice to help consumers protect themselves.

Question 5b of 10 ( 2 Consumer protection regulations 232486 )

Maximum Attempts: 1  
 Question Type: Multiple Choice  
 Maximum Score: 2

Question: What is one way that consumer-advocacy groups help protect consumers?

Choice	Feedback
<input type="radio"/> by lobbying for antitrust laws	
<input checked="" type="radio"/> by providing product information	Correct! Reliable information helps consumers make better choices.
<input type="radio"/> by enforcing consumer-protection regulations	
<input type="radio"/> by collaborating with the government to provide social services	

**Global Incorrect Feedback**  
 The correct answer is: by providing product information. Reliable information helps consumers make better choices.

Question 5c of 10 ( 2 Consumer protection regulations 232487 )

Maximum Attempts: 1  
 Question Type: Multiple Choice  
 Maximum Score: 2

Question: What is the purpose of consumer-advocacy groups?

Choice	Feedback
<input type="radio"/> to enforce consumer-protection regulations	
<input type="radio"/> to lobby the government for lower prices	
<input checked="" type="radio"/> to promote the interest of consumers	Correct! Consumer-advocacy groups provide product information and advice to help consumers protect themselves.
<input type="radio"/> to provide essential social services	

**Global Incorrect Feedback**  
 The correct answer is: to promote the interest of consumers. Consumer-advocacy groups provide product information and advice to help consumers protect themselves.

Question 6a of 10 ( 2 Consumer protection regulations 232488 )

Maximum Attempts: 1  
 Question Type: Multiple Choice  
 Maximum Score: 2

Question: What does enforcing consumer-protection regulations involve?

Choice	Feedback
<input type="radio"/> the use of a progressive taxation system	
<input checked="" type="radio"/> government oversight of the production process	Correct! The government makes sure that the processes used by producers lead to safe products.
<input type="radio"/> compromises between the president and Congress	
<input type="radio"/> preventing companies from following the profit motive	

**Global Incorrect Feedback**  
 The correct answer is: government oversight of the production process. The government makes sure that the processes used by producers lead to safe products.

Question 6b of 10 ( 2 Consumer protection regulations 232489 )

Maximum Attempts: 1  
 Question Type: Multiple Choice  
 Maximum Score: 2

Question: What does the government have to do to enforce consumer-protection regulations?

Choice	Feedback
<input checked="" type="radio"/> oversee production	Correct! The government makes sure that the processes used by producers lead to safe products.
<input type="radio"/> lower tariffs	
<input type="radio"/> break up monopolies	
<input type="radio"/> avoid a budget deficit	

**Global Incorrect Feedback**  
 The correct answer is: oversee production. The government makes sure that the processes used by producers lead to safe products.

Question 6c of 10 ( 2 Consumer protection regulations 232490 )

Maximum Attempts: 1  
 Question Type: Multiple Choice  
 Maximum Score: 2

Question: What is one thing the government does as it enforces consumer-protection regulations?

Choice	Feedback
<input type="radio"/> collects tariffs from foreign producers	
<input type="radio"/> prevents cartels from engaging in price fixing or production limitation	
<input type="radio"/> makes sure publicly-traded companies provide stockholders with financial records	
<input checked="" type="radio"/> tests products such as drugs and automobiles for safety	Correct! The government makes sure the products that are brought to market are safe for consumers to use.

**Global Incorrect Feedback**  
 The correct answer is: tests products such as drugs and automobiles for safety. The government makes sure the products that are brought to market are safe for consumers to use.

Question 7a of 10 ( 3 Consumer protection regulations 232491 )

Maximum Attempts: 1  
 Question Type: Matching  
 Maximum Score: 2

Question: Match each company or organization with the correct label.

Choice Text	Correct Match	Match Text
A. Organization of Petroleum Exporting Countries (OPEC)	<input type="checkbox"/>	C. competition regulator
B. Lockheed Martin Corporation	<input type="checkbox"/>	B. government contractor
C. Antitrust Division of the Department of Justice	<input type="checkbox"/>	A. cartel

**Attempt | Incorrect Feedback**  
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**Correct Feedback**  
 Correct!

**Global Incorrect Feedback**  
 The correct answer is: Organization of Petroleum Exporting Countries (OPEC): cartel; Lockheed Martin Corporation: government contractor; Antitrust Division of the Department of Justice: competition regulator.

Question 7b of 10 ( 3 Consumer protection regulations 232492 )

Maximum Attempts: 1  
 Question Type: Matching  
 Maximum Score: 2

Question: Match each company, organization, or agency with the correct label.

Choice Text	Correct Match	Match Text
A. Consumer Reports	<input type="checkbox"/>	A. consumer advocacy publication
B. Food and Drug Administration (FDA)	<input type="checkbox"/>	B. consumer protection agency
C. Federal Trade Commission (FTC)	<input type="checkbox"/>	C. competition regulator

**Attempt | Incorrect Feedback**  
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**Correct Feedback**  
 Correct!

**Global Incorrect Feedback**  
 The correct answer is: Consumer Reports: consumer advocacy publication; Food and Drug Administration (FDA): consumer protection agency; Federal Trade Commission (FTC): competition regulator.

Question 7c of 10 ( 3 Consumer protection regulations 232493 )

Maximum Attempts: 1  
 Question Type: Matching  
 Maximum Score: 2

Question: Match each company or organization with the correct label.

Choice Text	Correct Match	Match Text
A. Boeing Corporation	<input type="checkbox"/>	C. competition regulator
B. Federal Aviation Administration (FAA)	<input type="checkbox"/>	A. government contractor
C. Federal Trade Commission (FTC)	<input type="checkbox"/>	B. consumer-protection agency

**Attempt | Incorrect Feedback**  
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**Correct Feedback**  
 Correct!

**Global Incorrect Feedback**  
 The correct answer is: Boeing Corporation: government contractor; Federal Aviation Administration (FAA): consumer-protection agency; Federal Trade Commission (FTC): competition regulator.

Question 8a of 10 ( 2 Consumer protection regulations 232494 )

Maximum Attempts: 1  
 Question Type: Multiple Choice  
 Maximum Score: 2

Question: What happens to the expenses involved in compliance with government regulations?

Choice	Feedback
<input type="radio"/> absorbed by investors	
<input type="radio"/> shouldered by taxpayers	
<input checked="" type="radio"/> passed on to the consumer	Correct! Complying with consumer-protection regulations costs producers money, which increases production costs that are eventually passed along to consumers in the form of higher prices.
<input type="radio"/> covered by transfer payments	

**Global Incorrect Feedback**  
 The correct answer is: passed on to the consumer. Complying with consumer-protection regulations costs producers money, which increases production costs that are eventually passed along to consumers in the form of higher prices.

Question 8b of 10 ( 2 Consumer protection regulations 232495 )

Maximum Attempts: 1  
 Question Type: Multiple Choice  
 Maximum Score: 2

Question: Who ultimately pays for compliance with government regulations?

Choice	Feedback
<input checked="" type="radio"/> consumers	Correct! Complying with consumer-protection regulations costs producers money, which increases production costs that are eventually passed along to consumers in the form of higher prices.
<input type="radio"/> the government	
<input type="radio"/> producers	
<input type="radio"/> workers	

**Global Incorrect Feedback**  
 The correct answer is: consumers. Complying with consumer-protection regulations costs producers money, which increases production costs that are eventually passed along to consumers in the form of higher prices.

Question 8c of 10 ( 2 Consumer protection regulations 232496 )

Maximum Attempts: 1  
 Question Type: Multiple Choice  
 Maximum Score: 2

Question: What is done with the costs of complying with consumer-protection regulations?

Choice	Feedback
<input checked="" type="radio"/> eventually passed on to consumers in the form of higher prices	Correct! Complying with consumer-protection regulations costs producers money, which increases production costs that are eventually passed along to consumers in the form of higher prices.
<input type="radio"/> absorbed by producers who are forced to cut into profits	
<input type="radio"/> reduced by transfer payments enabled by revenue tariffs	
<input type="radio"/> shouldered by workers in the form of decreased wages	

**Global Incorrect Feedback**  
 The correct answer is: eventually passed on to consumers in the form of higher prices. Complying with consumer-protection regulations costs producers money, which increases production costs that are eventually passed along to consumers in the form of higher prices.

Question 9a of 10 ( 1 Federal budget 232497 )

Maximum Attempts: 1  
 Question Type: Multiple Choice  
 Maximum Score: 2

Question: Which of these enables the government to make up for a budget deficit?

Choice	Feedback
<input type="radio"/> monetary policy	
<input type="radio"/> foreign trade regulation	
<input type="radio"/> defense contractors	
<input checked="" type="radio"/> the bond market	Correct! The government issues bonds to cover the costs that exceed its revenues.

**Global Incorrect Feedback**  
 The correct answer is: the bond market. The government issues bonds to cover the costs that exceed its revenues.

Question 9b of 10 ( 1 Federal budget 232498 )