

QUESTION 1**3 points** **Save Answer**

Secondary-line injury occurs when competitors of one of the buyers are injured because the seller sold to that one buyer at a lower price than it sold to the others.

- ☐ True
- ☐ False

QUESTION 2**3 points** **Save Answer**

Lynchburg Oil Company has a contract with Appomattox Gas Stations that requires Appomattox to buy all of its oil and petroleum products from Lynchburg only. This is an example of a(n)

- ☐ vertical price-fixing arrangement.
- ☐ tying arrangement.
- ☐ market division contract.
- ☐ exclusive dealing contract.

QUESTION 3**3 points** **Save Answer**

Which of the following is true of Section 2(a) of the Clayton Act?

- ☐ Services and intangibles are considered to be commodities.
- ☐ Two sales by a single seller to two purchasers should take place in intrastate commerce.
- ☐ Sales can exist without enforceable contracts.
- ☐ Commodities must be of similar grade and quality.

QUESTION 4**3 points** **Save Answer**

Which of the following antitrust provisions focuses on monopolization and conspiracies to monopolize?

- ☐ Sherman Act, Section 1
- ☐ Sherman Act, Section 2
- ☐ Clayton Act, Section 7
- ☐ Clayton Act, Section 2

QUESTION 5**3 points** **Save Answer**

Private parties that are injured and pursue redress under the Clayton Act

- ☐ must rely on the Justice Department for recovery.
- ☐ may only sue in state courts.
- ☐ may recover treble damages, costs, and attorneys fees.
- ☐ must wait to sue until after the Justice Department completes its investigation.

QUESTION 6**3 points** **Save Answer**

Section 1 of the Sherman Act of 1890 forbids monopolizing, attempts to monopolize, or conspiracies to monopolize.

- ☐ True
- ☐ False

QUESTION 7**3 points** **Save Answer**

3 points Save Answer

Independent Products Co. controls 90 percent of the product market in its geographic market, because of the high quality of its products. Consumers are willing to pay more for Independent's products even though competitors offer similar products at substantially lower prices. If a competitor alleged that Independent was being monopolistic under Section 2 of the Sherman Act, which of the following statements is true?

- ☐ The competitor's case would fail unless it could show intent on the part of Independent to monopolize the market.
- ☐ The competitor's case would fail because a monopoly is defined as a firm having no competition.
- ☐ The competitor's case would succeed because Independent controls 90 percent of the market.
- ☐ The competitor's case would succeed because Independent has attained both market power and overwhelming market share.

QUESTION 8

3 points Save Answer

Which of the following terms refers to an action that interferes with the economic law of supply and demand?

- ☐ conscious parallelism
- ☐ collusion
- ☐ restraint of trade
- ☐ conspiracy

QUESTION 9

3 points Save Answer

An economic market situation in which a single business has the power to fix the price of goods or services is called a monopoly.

- ☐ True
- ☐ False

QUESTION 10

3 points Save Answer

International cartels are beyond the reach of the anti-competition laws of any individual nation.

- ☐ True
- ☐ False

QUESTION 11

3 points Save Answer

Which of the following is true of the enforcement of antitrust laws?

- ☐ The Antitrust Division of the Justice Department is the primary enforcer of the Sherman Act.
- ☐ Enforcement of antitrust laws is carried out only in the private sector.
- ☐ Enforcement of antitrust laws is carried out only in the public sector.
- ☐ The Antitrust Division of the Justice Department has exclusive jurisdiction to enforce the FTC Act.

QUESTION 12

3 points Save Answer

A company's geographic market is considered the area in which the company

- ☐ focuses the bulk of its advertising budget.
- ☐ engages in horizontal price-fixing.
- ☐ contracts with retailers in cases involving vertical restraints.
- ☐ competes head-to-head with others in the relevant product market.

QUESTION 13

3 points Save Answer

The Antitrust Division of the Justice Department has concurrent jurisdiction with the Federal Trade Commission (FTC) to enforce the

- ☐ Clayton Act.
- ☐ Securities Act.
- ☐ Sherman Act.
- ☐ FTC Act.

QUESTION 14

3 points**Save Answer**

Restraint of trade is the action that interferes with the political laws governing an economy.

- ☐ True
- ☐ False

QUESTION 15

3 points**Save Answer**

The European Union provisions in support of competition are similar to those found in Sections 1 and 2 of the Sherman Act.

- ☐ True
- ☐ False

QUESTION 16

3 points**Save Answer**

A tying agreement involves

- ☐ two companies with similar products merging to increase their market share.
- ☐ a seller agreeing to sell a product on condition that the purchaser buys a second product.
- ☐ one company purchasing another company with similar products using a hostile takeover.
- ☐ a purchaser agreeing to buy a product at a “suggested retail price.”

QUESTION 17

3 points**Save Answer**

Which of the following concepts is important in the determination of a company’s relevant product market?

- ☐ government spending projections
- ☐ retail sales tax rate
- ☐ interchangeability of competitive products
- ☐ advertising budget

QUESTION 18

3 points**Save Answer**

The concept of “proportional discount” is most often used in a pricing analysis under the

- ☐ Sherman Act.
- ☐ Clayton Act.
- ☐ Robinson-Patman Act.
- ☐ Federal Trade Commission Act.

QUESTION 19

3 points**Save Answer**

All tying agreements and exclusive-dealing contracts are *per se* illegal.

- ☐ True
- ☐ False

QUESTION 20

3 points Save Answer

State antitrust statutes may be enforced by the respective state's attorney general or by private plaintiffs.

- ☐ True
☐ False

QUESTION 21

3 points Save Answer

Which of the following constitutes a vertical restraint?

- ☐ a group boycott by criminal defense attorneys seeking higher fees
☐ the formation of a market division by two manufacturers
☐ an anticompetitive agreement between two competitors
☐ an exclusive-dealing contract between a manufacturer and a retailer

QUESTION 22

3 points Save Answer

Which of the following activities is judged by the *per se* standard?

- ☐ horizontal price and market restraints
☐ vertical price and market restraints
☐ joint research and development ventures
☐ exchange of information

QUESTION 23

3 points Save Answer

The Federal Trade Commission Act of 1914 is important because

- ☐ its narrow language focuses on monopolistic practices.
☐ it amends the Sherman Act to permit monopolistic behaviors that would otherwise be considered unfair.
☐ it amends the Clayton Act to permit horizontal mergers in cases involving market-division activity.
☐ its broad language brings antitrust enforcement actions against business conduct prohibited by the Sherman and Clayton Acts.

QUESTION 24

3 points Save Answer

A key concern in cases involving vertical price-fixing is whether the

- ☐ manufacturer could remain financially viable at the agreed price.
☐ retailer made the pricing decision independently or by agreement with the manufacturer.
☐ fixed price was reasonable to consumers.
☐ fixed prices was in line with prices charged by competitors retailing the same brand.

QUESTION 25

3 points Save Answer

Predatory pricing is pricing below the average variable cost in order to drive out competition.

- ☐ True
☐ False

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