## Review Questions

11.

What is a corporate merger? What is an acquisition?

12.

What is the goal of antitrust policies?

13.

How do we measure a four-firm concentration ratio? What does a high measure mean about the extent of competition?

14.

How do we measure a Herfindahl-Hirschman Index? What does a low measure mean about the extent of competition?

15.

Why can it be difficult to decide what a “market” is for purposes of measuring competition?

16.

What is a minimum resale price maintenance agreement? How might it reduce competition and when might it be acceptable?

17.

What is exclusive dealing? How might it reduce competition and when might it be acceptable?

18.

What is a tie-in sale? How might it reduce competition and when might it be acceptable?

19.

What is predatory pricing? How might it reduce competition, and why might it be difficult to tell when it should be illegal?

20.

If public utilities are a natural monopoly, what would be the danger in deregulating them?

21.

If public utilities are a natural monopoly, what would be the danger in splitting them into a number of separate competing firms?

22.

What is cost-plus regulation?

23.

What is price cap regulation?

24.

What is deregulation? Name some industries that have been deregulated in the United States.

25.

What is regulatory capture?

26.

Why does regulatory capture reduce the persuasiveness of the case for regulating industries for the benefit of consumers?