

Economic Competition & Role of the Government Study Guide

Be able to define, identify, & apply information about each of the following:

- Market structure
 - When supply & demand works most effectively
 - Market & industry – what’s the difference
 - Correlation between competition & prices (& profit levels)
 - Price v. nonprice competition
 - Collusion & cartels
 - Types of market structures – perfect competition, monopolistic competition, oligopoly/oligopsony, monopoly/monopsony
 - Antitrust laws & regulations – Sherman Act, Clayton Act, & Federal Trade Commission
- Income distribution
 - Functional distribution of income - & wages & salaries, rent, interest, profit
 - Personal distribution of income
 - Transfer payments
- Market failures
 - Main forms of market failure
 - Natural monopoly & economies of scale
 - Externalities – positive & negative
 - Public goods – shared consumption & nonexclusion products
 - Government policies to correct for market failures
- Economic roles of the government
 - Social insurance programs
 - Public-assistance programs
 - Taxes – progressive, regressive, & proportional