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Economics Textbook Chapter 9

1. What are the three basic market question?
 - a) What are the fundamental differences that distinguish one market from another?

 - b) Based upon these differences, what types of competition exist in the market?

 - c) How does the US government attempt to preserve market competition through federal laws?

2. With the exception of a monopoly – in which there is only one supplier of a product or service – **who** has more control over prices, the people who make the product or the people who buy it? Explain.
in competitive markets, neither the people who make the product nor the people who buy it have control over prices. Usually the market determines prices based on supply and demand, and the number of buyers and sellers.

3. DeBeers has owned 85% of raw diamond mines worldwide, making it difficult for new diamond suppliers to enter the diamond market. Is this a natural barrier to entry or an artificial barrier to entry?
Its a natural barrier due to DeBeers owning most of the world's diamond mines.

4. What happens when a company in a perfect competition situation raises its prices?
That company would likely lose all its customers because nobody wants to pay more when they can pay less.

5. What happens when a company in a monopoly situation raises its prices?
Consumers would either have to accept the price raise or go without the product.

6. Would a handful of lithium producers, which control all the lithium know on earth, be an example of an oligopoly or a monopoly?
Oligopoly

7. What is the major benefit of competition among producers?
Competition makes it so that we get some of the best and most efficient products. If there is a similar product for the same price, one of them will be better so that people buy it more then the other one.

8. ~~What~~ ^{why} has the government passed anti-trust laws? What are these laws meant to discourage?
anti-competitive behavior by businesses. These laws are meant to discourage and prevent the creation and abuse of monopolies, as well as to protect consumers and promote competition in the market.
