1. **What is the market approach to consumer protection? In what ways does it fall short of completely protecting consumers?**

2. **In the Market Approach to consumer protection, if consumers do not place a high value on safety (or are unwilling to pay for it), then it is wrong to force them to accept higher levels of safety through regulation.**
   a. True
   b. False

3. ** Critics to the market approach respond that the benefits of free markets are obtained only when the markets have all of the seven defining characteristics. Several of these are:**
   a. There are numerous buyers and sellers.
   b. Everyone can freely enter and exit the market.
   c. The market is unregulated.
   d. All the above
   e. A & B

4. **Why are people not good at making probability estimates? How is this relevant to consumer protection issues?**

5. **According to the contract view of businesses’ duties to customers, what are the four basic duties a firm has to its customers? Why are they necessary? What objections do critics raise about this theory?**

6. **The consumers who think ahead, consider, and watch every penny they spend, knowing how their choices will affect their preferences are known as:**
   a. Irrational utility minimizers.
   b. Rational utility maximizers.
   c. Rational consumption maximizers.
   d. All the above

7. **Research has shown people are irrational and inconsistent when weighing choices based on probability estimates of future costs and payoffs.**
   a. True
   b. False

8. **What characterizes the due care theory? To what aspects of business does a producer’s duty to exercise due care extend?**

9. **How does the social costs view extend the due care theory and the contract view? Why do its critics say that the social costs view is unfair? Are their arguments persuasive?**

10. **The _______ theory of businesses’ duties to consumers claims that a business has four main moral duties: the basic duty of (a) complying with the terms of the sales contract, and the secondary duties of (b) disclosing the nature of the product, (c) avoiding misrepresentation, and (d) avoiding the use of duress and undue influence.**
    a. Contractual
    b. Commercial
    c. Competitive
    d. Consumptive
11. The due care theory of the manufacturer's duties to consumers is based on the idea that consumers and sellers do not meet as equals and that the consumer's interests are particularly vulnerable to being harmed by the manufacturer, who has a knowledge and an expertise that the consumer lacks.
   a. True
   b. False

12. What are the social effects of advertising? Does it really create consumer desire in the way that Galbraith maintained?

13. How does advertising become unethical? What steps must each part of the advertising "communication" process take to ensure that it remains ethical?

14. The most common criticism of advertising concerns its effect on the consumer's beliefs.
   a. True
   b. False

15. Although there are some advertisements that are intended to manipulate, such advertisements do not violate the consumer's right to be treated as a free and equal rational being.
   a. True
   b. False

16. What factors must be taken into consideration when determining the ethical status of a particular advertisement?

17. Why do consumers have a right to privacy? Why does industry have a right to know consumers' personal information? How do we strike the balance between them? What considerations are relevant when striking this balance?

18. ________ is privacy with respect to a person's inner life. This includes the person's thoughts and plans, personal beliefs and values, feelings, and wants.
   a. Physical privacy
   b. Personal privacy
   c. Psychological privacy
   d. Spiritual privacy

19. Credit Solutions initially advised their clients not to pay their credit cards.
   a. True
   b. False

20. Credit Solutions has been sued by the attorney general of five states.
   a. True
   b. False

21. Even though advertising issues are complex, they must include:
   a. Social effects
   b. Effects on desire
   c. Effects on belief
   d. B & C
   e. All of the above
22. A study by consumer reports found errors in 43 percent of the credit reports that they analyzed.
   a. True
   b. False

23. Which are the three main credit reporting companies?
   a. Experian, Credex, and Your Credit
   b. Experian, Real Credit, and Credibility
   c. Experian, Equifax and Trans Union LLC
   d. Experian, Exact and Specialty

24. In a narrow sense, the right to privacy can be defined as the right of persons to determine what, to whom, and how much information about themselves will be disclosed to other parties.
   a. True
   b. False
Test Name: chapter 6

1. 
2. a.True
3. d.All the above
4. 
5. 
6. b.Rational utility maximizers.
7. a.True
8. 
9. 
10. a.Contractual
11. a.True
12. 
13. 
14. a.True
15. b.False
16. 
17. 
18. c.Psychological privacy
19. a.True
20. b.False
21. c.All of the above
22. a.True
23. c.Experian, Equifax and Trans Union LLC
24. a.True