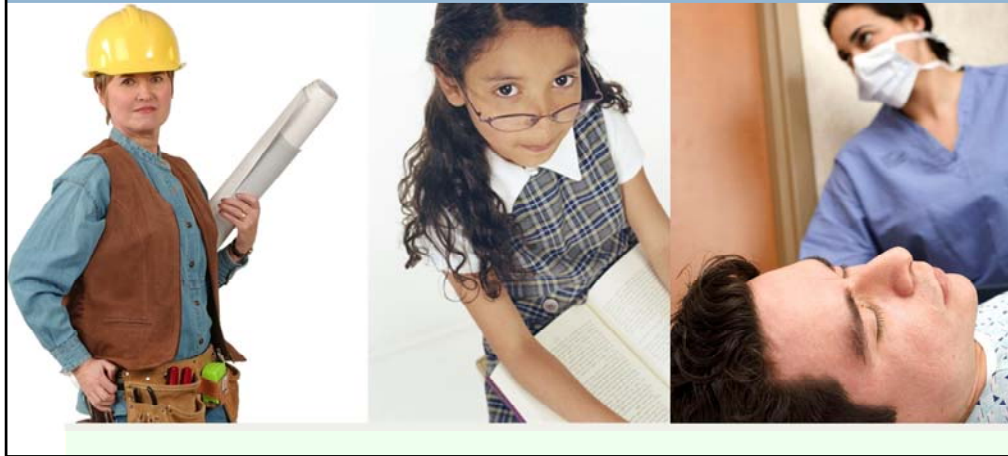


Government Regulation



We've been talking a lot about how market economies gives businesses and individuals the freedom to build businesses and make choices. But who or what makes sure that you are protected from unfair competition or harmful products? The government does.

Remember when we talked about how mixed economies had some level of government regulation to protect consumers? Government regulation is the act of controlling business behavior through a set of rules or laws. There are so many examples of government regulation in the marketplace that we cannot possibly talk about all of them, so we will discuss a few of the major ones.

Labor Regulations



Worker Safety Regulations

Protect workers from unscrupulous business practices:

- Overtime without pay
- Safe work environment
- Child labor laws

Department of Labor

- Safe work environment - Occupational Safety and Hazards Administration
- Child labor laws - Wage and Hours Division

When the government creates regulations, they must also create an agency to monitor and ensure that the regulations are enforced.

For example, the government created worker safety regulations to protect workers from unscrupulous business practices, like working overtime without pay. There are also regulations that define what is a safe work environment, how many hours a person can work, and at what age people can begin to work.

The Department of Labor is responsible for enforcing these laws, and it has different organization within it to enforce various laws. Safety laws, for example, are enforced by OSHA, the Occupational Safety and Hazards Administration, and the Department's Wage and Hours Division monitors issues involving child labor.

Antitrust Legislation



Earlier, we discussed how competition is good for both businesses and consumers. However, monopolies sometimes arise in different areas, such as public utilities, or phone service providers. Antitrust legislation defines monopolies, and allows the government to control those that are legal, so that they do not take advantage of their position by overcharging the public for goods.

In cases where the government determines that a monopoly is illegal, then it may use antitrust rules to try an break up the monopoly. An example is when the government found the American Bell Telephone Company (now known as AT&T) to be a monopoly, and forced it to break up into regional companies.

Mergers



The government also regulates business mergers. A merger is when one company combines with or purchases another to form a larger single firm. Depending on the size of the companies and the type of industry involved, the government may have to approve or disapprove of mergers to ensure that the merger doesn't create a monopoly that eliminates competition. Recently, there have been a number of mergers in the airline industry, which have to be approved by the government. This is to ensure that no one airline dominates flight service in any region so much that it can raise ticket prices as much as it likes.

Antitrust laws are enforced by the Federal Trade Commission (FTC) in conjunction with the U.S. Department of Justice (DOJ) Antitrust Division.

The FTC also enforces public disclosure laws to protect the public. Public disclosure laws require businesses to reveal product information to consumers, which protects consumers and promotes competition by giving people the information necessary to make informed buying decisions. The FTC also monitors advertising to make sure advertisements are not misleading or deceptive.

Other Government Agencies

Bureau of
Weights and
Measures



Here are just a few government agencies that are responsible for protecting consumers and businesses. Select each to see a description of what it does.

These are just a few examples of government regulation in our marketplace, but you can see that our government is very active in protecting its citizens!

Bureau of Weights and Measures

Bureau of Weights and Measures

FDA

USDA

SECURITIES AND EXCHANGE COMMISSION

FCC Federal Communications Commission

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

CONSUMER PRODUCT SAFETY COMMISSION

Inspects and tests commercial devices used to buy, sell, and ship products

The U.S. Bureau of Weights and Measures is responsible for yearly inspection and testing of all commercial devices that are used to buy, sell, and ship products. A lot of our products are sold by weight (pound) or by volume (gallon). The government wants to make sure that buyers don't get cheated, so they test and certify the accuracy of various measuring tools.

Next time you go to the gas station, check who inspects the pump to make sure the gallon you paid for is actually a gallon.

Food and Drug Administration

Bureau of
Weights and
Measures

FDA

USDA



FCC
Federal
Communications
Commission



Responsible for the safety of our food, cosmetics,
medicines and medical devices

The U.S. Food and Drug Administration (FDA) is responsible for the safety of our foods, cosmetics, medicines—both prescription and over-the-counter—and medical devices. The FDA also requires truth in the labeling of these products.

U.S. Department of Agriculture

Bureau of
Weights and
Measures

FDA

USDA



FCC
Federal
Communications
Commission



Inspects and rates meat for freshness and quality, and monitors animal health issues for livestock and handles disease outbreaks

The U.S. Department of Agriculture (USDA) helps the FDA by inspecting and rating meat for freshness and quality. Check the labels at food you buy at the supermarket to see what government agency is responsible for each.

Securities and Exchange Commission

Bureau of
Weights and
Measures

FDA

USDA



FCC Federal
Communications
Commission



Regulates the market for stocks and bonds to
protect investors

The Securities and Exchange Commission (SEC) is responsible for regulating the market for stocks and bonds to protect investors.

Federal Communications Commission

Bureau of
Weights and
Measures

FDA

USDA



FCC Federal
Communications
Commission



Regulates the communications industry including radio, television, cable, and telephone services and establishes ratings and determines what is suitable for public viewing

The Federal Communications Commission (FCC) regulates the communications industry including radio, television, cable, and telephone services. They establish the ratings and make sure that what is put out on the air is suitable for the public.

Environmental Protection Agency

Bureau of
Weights and
Measures

FDA

USDA



FCC
Federal
Communications
Commission



Enforces laws about pollution and hazardous materials in order to protect the environment

The Environmental Protection Agency (EPA) protects our health by enforcing laws about pollution and hazardous materials in order to protect the environment.

Consumer Product Safety Commission

Bureau of
Weights and
Measures

FDA

USDA



FCC
Federal
Communications
Commission



Sets safety standards and monitors the safety of all consumer products; issues recalls for unsafe products

The Consumer Product Safety Commission sets safety standards and monitors the safety of all consumer products, from baby toys to refrigerators. This agency also issues recalls when they find unsafe products.