Economics regulation and market structures

Industrial or economic regulation means that an industry is controlled by the government, who limit decisions to help end and or decrease exploitation. This form of regulation is mostly used when an industry has a monopoly on the market but new competition in the market is not the best option. Industrial regulation is present in very few industries and can be considered to expend resources and money. Industrial regulation affects the market by controlling industries that have economies of scale. These economies can help customers but still need regulation. Economic regulation affects new companies who want to enter into a market. This reason why new competitors are affected is that they may not be able to enter into a market due to this form of regulation. Social regulation deals with exact social problems such as toxic waste, produce safety, employee safety, and prejudice (“ Social Regulation”). Social regulation exists because in the 60s and 70s the government established regulatory agencies to handle a wide variety of social problems. The entities affected by social regulation include local businesses and citizens. Businesses may have to have a plan to deal with social problems, while citizens may have their rights restricted in terms of what they can purchase. A natural monopoly occurs when a firm can fulfil the market demand for a good or service at a cheaper price than all other competitors (“ Natural Monopoly”). The reason why natural monopolies occur is because sometimes a market can only support one producer. According to economic theory, firms can attain monopolies because of unique raw materials, technology, or other factors. An example of a natural monopoly is the gas industry. It is uneconomical to build new infrastructure so just one set of infrastructure is built. This results in company having total control of the market (Pieterz). The antitrust laws attempt to order business to

compete fairly. These laws have greatly affected the business practices of U. S. industries. The basis behind the laws is that free trade should help the economy, businesses, and consumers. The main four pieces to this legislation is agreements between competitors, contractual arrangements between sellers and buyers, the pursuit or maintenance of monopoly power, and mergers (Hartman). Three main regulatory commissions of industrial regulation are the EPA (United States Environmental Protection Agency), NACWA (National Association of Clean Water Agencies), and ADA (American Dental Association). The United States Environmental Protection Agency's main goal is the care for human health and the environment. On the other hand, the National Association of Clean Water Agencies' goal is to maintain water quality and protect the ecosystem. Finally, the American Dental Association aims to protect the oral health of the general population. The Equal Employment Opportunity Commission focuses on giving employees fair treatment in the workplace. The National Highway Traffic Safety Administration keeps control of the roads to protect major accidents. The Occupational Safety and Health Administration looks after the health and safety of employees. The Consumer Product Safety Commission protects consumers when they are buying new products. References Hartman, Stephen. (1997). " Antitrust Law." West's Encyclopedia of American Law. Retrieved from http://iris. nyit. edu/~shartman/mba0101/trust. htm. Natural Monopoly. (2011). Business Dictionary. Retrieved from http://www. businessdictionary. com/definition/natural-monopoly. html. Pieterz, Graeme. (2011). " Natural Monopoly." Money Terms. Retrieved from http://moneyterms. co. uk/natural-monopoly/. Social Regulation. (2008).

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