

13A

Government Regulations

Just Do It!

- With your neighbor, answer these questions....
- What are 3 of the reasons Virginia and the United States participate in trade?
- What is an import?
- What is an export?

Answers

- To obtain goods and services they cannot produce themselves.
 - To buy goods and services at a lower cost
 - To sell/export goods and services
 - To create jobs
 - To increase their wealth
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- Import: A good or service that is brought in from another country/state
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- Export: A good or service that is sent to another country/state

SOL 13A

Government Regulations and Competition

SOL 13a

- The student will demonstrate knowledge of the role of government in the United States economy by examining competition in the marketplace

Guiding Question

- How does the United States government promote and regulate marketplace competition?

Remember Competition?

- Competition is the relationship between producers or sellers of a similar good or service.
- For example: Mac and Bob's and Macadoos are competitors. Home Depot and Lowes are competitors. They both provide similar services and the competition helps drive the prices down.

More Competition

- What do you think would happen if there was no competition?
- What if there was only one hardware store in the state of Virginia?
- What do you think would happen?

Monopoly

- A situation in which there is only one supplier of a particular good or service is called a **monopoly**.
- In a monopoly, there is no competition so prices are wild and generally extremely high.
- Remember....competition keeps prices low and when there is no competition prices are going to be really high!

- Competition keeps prices low and the quality of goods and services high.
- If there is no competition then a business can charge whatever they want and provide a good or service with no quality. They do not have to provide a high-quality good because no one else is even offering a good or service so why would they waste their time and money to make something good?
- People have to buy it anyway so a business can provide an expensive, low quality good in a monopoly.

The Role of the Government

- Because the United States is a _____ economy, the government plays a role in regulating and promoting competition in our economy.
- Not all monopolies are illegal!!
- For example, if a business produces a product that is better than all its competitors or has really good leadership, it may hurt the competitors of that superior business without breaking any laws.

The Government Promotes Competition

By...

- **Enforcing antitrust legislation**
 - A “trust” is a group of businesses who group together to form a monopoly
- **Encouraging global trade**
 - For Example: NAFTA (North American Free Trade Agreement) makes trading with other nations easier and more accessible to encourage competition between businesses in different countries
- **Supporting business start ups**
 - Increase the number of businesses to increase competition
- **Regulations on businesses**
 - “Regulate” means to control business activities.

Agencies and Regulation

- Agencies oversee business activities and regulate competition.
- **Federal Communications Commission (FCC)** – regulates communications via TV, radio, wire, satellite, and cable.



- **Environmental Protection Agency (EPA)** – Enforces laws protecting the air, water, and soil from pollution.
 - They set environmental standards
 - The EPA also funds environmental research.



- **Federal Trade Commission (FTC)** – Promotes free and fair trade competition;
 - Investigates unfair practices such as false advertising (For example Red Bull gives you wings!)
 - They also set rules for product labeling (like tags in the bag of your clothes!)



Group Work

- Now with your neighbor, you will answer the following questions on a sheet of notebook paper. These **MUST BE IN COMPLETE SENTENCES.**
- You **DO NOT** have to write the questions

- What is a monopoly?
- What are two benefits of competition for the consumer?
- What does the EPA do? Give an example!
- What does the FCC do? Give an example!

- Monopolies occur when there is one supplier of a particular good or service and there is NO COMPETITION present.
- Competition keeps prices low and the quality of goods and services high!
- The EPA regulates environmental issues and laws that protect the air, water, and soil from pollution. An example of an EPA regulation is a TV add that promotes how good it is to recycle!

- The FCC regulates communications by radio, television, wire, satellite, and cable. An example of the FCC is bleeping out curse words on television shows/movies.
- The FTC promotes free and fair trade competition and investigates unfair practices like false advertising and rules for product labeling. An example of this is “red bull gives you wings” advertising campaign being in trouble for not actually giving you wings....seems obvious but some people are crazy.