Rules and Results

Analyze why market rules can help, and why their effects can be limited.

12.E3d "A degree of regulation, oversight, or government control is necessary in some markets to ensure free and fair competition and to limit unintended consequences of American capitalism. Government attempts to protect the worker..."

NAME ______________________ DATE ____________

1 READ AND MARK

Read it twice

YOUR JOB Underline government actions. Circle their goals. Mark a limitation or trade-off for each policy.

When Markets Need Rules

1 Competition can lower prices and reward ideas, but firms can also block rivals. In 1911, the Supreme Court affirmed the breakup of Standard Oil under antitrust law. The action addressed unlawful restraints on competition. Antitrust enforcement can protect consumers and entrepreneurs, but officials must distinguish illegal exclusion from vigorous competition. A large firm is not automatically an unlawful monopoly.

2 Worker safety provides another reason for oversight. Employers ignoring hazards may gain a cost advantage over safer rivals. OSHA, established under the 1970 OSH Act, opened in 1971 to administer workplace safety protections. Standards, inspections, and penalties can reduce hazards, while imposing compliance and paperwork costs. Regulation does not eliminate every risk; evaluating results requires evidence about enforcement, injuries, and costs.

3 Government enforces contracts and protects property rights. Patents provide time-limited rights to exclude others from using covered inventions, encouraging investment while restricting competition. Their scope and duration affect that trade-off. The earned income tax credit increases after-tax income for eligible workers and can help with expenses. Eligibility rules can be complex, and benefits vary with family circumstances. The credit alone cannot guarantee higher wages, affordable housing, or equal educational opportunities. Policy evaluation asks who benefits, who pays, and what actually changes.

2 ANSWER WITH EVIDENCE

Use the passage

1. What market problem did the Standard Oil decision address, and what benefit was the action intended to protect?

2. Explain how workplace safety rules can promote fair competition between employers.

3. What trade-off does the passage identify in OSHA regulation?

4. Use the passage to explain why a patent can have both a positive effect and a negative effect on a market.

3 YOUR TURN

Your own words

In four sentences, propose a government response to hidden fees, unsafe products, or misleading advertising. Identify the problem, intended benefit, possible cost, and evidence officials could use to evaluate results.

PART 1 · READ AND MARK

Underline government actions. Circle their goals. Mark a limitation or trade-off for each policy. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	What market problem did the Standard Oil decision address, and what benefit was the action intended to protect?	**It addressed unlawful restraints and exclusion of rivals. The intended benefit was protection of competition for consumers and entrepreneurs.**
2	Explain how workplace safety rules can promote fair competition between employers.	**They can reduce the cost advantage of employers that ignore hazards while safer employers pay to protect workers.**
3	What trade-off does the passage identify in OSHA regulation?	**Inspections and penalties can reduce dangerous conditions, but compliance can create paperwork and costs, especially for small businesses.**
4	Use the passage to explain why a patent can have both a positive effect and a negative effect on a market.	**Time-limited patent protection can encourage investment in inventions while excluding rivals from using covered inventions. Scope and duration affect this trade-off.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

Suppose misleading subscription ads hide renewal terms. A proposed rule could require clear renewal information before purchase so buyers can compare offers. Businesses could face compliance costs that they pass to customers. Officials could compare complaint rates and consumer understanding before and after the rule.

Accept accurate paraphrases that connect a policy to its intended goal and a stated limitation or trade-off. For Part 3, accept varied market problems if the response includes all four requested elements and a plausible measure of results.