

Rules and Rivals

Read evidence to judge marketplace rules.

CE.13.g “evaluating how and why governments regulate industry, labor, competition, and monopolies in the marketplace.”

NAME _____

DATE _____

1 READ AND MARK _____ Read it twice

YOUR JOB Underline each government rule or action. Circle the marketplace problem it addresses, then number each stated benefit or trade-off of regulation.

Why Governments Set Rules

- ① In a growing city, three internet companies once offered service. After one company bought the other two, it became the only provider. It raised monthly prices and slowed repairs because customers had no rival to choose. The government opened an antitrust investigation. Antitrust laws try to protect competition by stopping business deals that could give one company too much market power. Regulators must weigh evidence, because a large company is not automatically illegal. The key question is whether its actions unfairly limit choices or harm buyers.
- ② Government rules can also shape labor markets. A factory may lower costs by skipping safety training or paying workers below the legal minimum wage. Those choices can injure workers and let that factory charge less than responsible competitors. Labor standards, such as minimum wage and workplace safety rules, set a floor that businesses must meet. Inspectors can investigate violations and require changes or penalties. Supporters say these rules protect workers and prevent unfair cost cutting. Critics may worry that costly rules can make hiring harder, so governments consider both benefits and trade-offs.
- ③ Some regulations address harms that a business can shift onto other people. For example, a power plant that releases dirty smoke may save money while nearby families pay health costs. Clean-air limits require the plant to control pollution. This can raise the plant's expenses, but it can also reduce harm that is not included in the price of electricity. Governments regulate when markets alone may not protect the public. To evaluate a rule, citizens can ask who benefits, who pays, what problem the rule targets, and whether a less burdensome choice could work.

2 ANSWER WITH EVIDENCE Use the passage

1 What marketplace problem led the government to open an antitrust investigation of the internet company?

2 Why is a large company not automatically illegal under the passage's explanation of antitrust laws?

3 How can workplace safety and minimum wage rules help competition, and what trade-off do critics identify?

4 In the clean-air example, who pays a cost from the rule, who benefits, and why might the government regulate?

3 YOUR TURN Your own words

A town is considering a rule requiring food-delivery apps to show all fees before customers place an order. In 4 or 5 sentences, state whether the town should adopt the rule. Explain the market problem, who benefits, one likely cost or trade-off, and why the benefit outweighs or does not outweigh that cost.

PART 1 • READ AND MARK

Underline each government rule or action. Circle the marketplace problem it addresses, then number each stated benefit or trade-off of regulation. Accept any marking that follows this job and points at the right text.

PART 2 • ANSWERS

#	QUESTION	ANSWER
1	What marketplace problem led the government to open an antitrust investigation of the internet company?	The company became the only provider, then raised prices and slowed repairs because customers had no rival to choose.
2	Why is a large company not automatically illegal under the passage's explanation of antitrust laws?	Regulators must examine evidence to decide whether the company's actions unfairly limit choices or harm buyers.
3	How can workplace safety and minimum wage rules help competition, and what trade-off do critics identify?	The rules protect workers and stop factories from gaining an unfair advantage by cutting safety or wage costs. Critics say costly rules may make hiring harder.
4	In the clean-air example, who pays a cost from the rule, who benefits, and why might the government regulate?	The power plant pays higher expenses. Nearby families and the public benefit from less pollution and lower health harm. Government regulates because the market price of electricity may not include the pollution's harm.

PART 3 • YOUR TURN (SAMPLE ANSWER)

The town should adopt the rule. Hidden fees make it hard for customers to compare delivery prices before ordering. Customers would benefit from clearer choices, while apps might spend money changing their screens or lose some orders. The protection for informed choices outweighs that cost because businesses can still charge fees if they show them early.

Accept answers that accurately connect a rule or government action to a market problem, benefits, and costs described in the passage. For the open response, accept either position if the student explains the problem, affected groups, a trade-off, and a supported judgment.