Regulations and Antitrust Policy

1. The government may use a variety of ways in order to regulate the country's economy as well as the relationship between different economic subjects. However, the most common of them include economic and social regulation and antitrust policy. All these methods aim to the same goal - ensuring the proper functioning of the country's economical system - but they are quite different in their nature. Thus, economic regulation is connected with the governmental involvement in the main economic matters of the nation, including the control of various business practices, industry quota and rates, and service and transportation routes of businesses.

   Social regulation is the oversight of the quality and safety of products and services produced in the country performed by the government, as well as the regulation of other aspects of everyday life (healthcare, employment, and education). On the other hand, antitrust policy is a set of economic, legislative and administrative measures aimed at limiting the conditions of operation of trusts and monopolies on the competitive market in order to receive the maximum amount of economic gains from competition. Thus, the first two measures mostly perform functions of regulation, monitoring and overseeing, and the third one is focused on restriction and limitation. Moreover, economic and social regulation targets all sectors of the economy while antitrust policy is aimed at the large corporations who own a significant share of the national market (Carroll & Buchholtz 358).

2. Taking into account the information on the economic and social regulation and antitrust policy, it is possible to present and describe the examples considering these measures. Thus, the example of social regulations can

be the role of the Consumer Federation of America as a regulatory agency, which goal is to keep people safe by reducing the risk of traumatism and deaths that are associated with various consumer products as well as the advance of consumer interests. Another example here is the work of the U.S. Committee on Education and the Workforce, which deals with any matters concerning the relationship between employers and employees, including employment discrimination. It also ensures that workers are treated in accordance with the Labor Law (Carroll & Buchholtz 359).

As for the economic regulations, it is possible to provide an example of Comcast, the U.S. largest cable company. It was accused by the Federal Communications Commission (FCC) of the violation of net neutrality principle through the illegal prevention of its high-speed Internet service users from installing and running file-sharing software. No fine was imposed on the company, but the FCC has forced Comcast to end the blocking (McGuigal et al. 620).

As for the antitrust policy, it is possible to provide an example involving two large retail stores: Home Depot, the building supply company and Staples, the office supply company, which were planning to create a trust in 1997. However, a federal court concluded that despite retailing is not concentrated in the U.S., office supply companies still compete on the national markets, so the merger of two "superstores" would be anti-competitive. As a result, Home Depot and Staples became subjects to antitrust policy, and the merger of these two companies was dropped (McGuigal et al. 88).

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3. The answer to the question of the necessity of antitrust policy is rather simple - it is required to obtain as much as possible gains from market competition. Market price is lower than the monopoly price (even at constant costs). Production costs are also lower because competition creates incentives to make efforts for cost reduction. As a result, there are higher incentives for innovation. In addition, antitrust policy results in a

more equitable distribution of income in the economy: productive companies receive higher revenues rather than those creating barriers for competition.

The antitrust policy is used in the cases when major players of the national market may create a trust or merger, or if such merger has already taken place. Such actions hinder the operation of the other participants and preventing smaller companies from entering the market thus reducing the level of competition. However, the antitrust regulation should not affect the companies that are rapidly growing due to their inner resources. Moreover, the merger should be regulated only if it can result in the significant reduction of production (by volume or product range) due to an increase in market share of newly created companies (McGuigal et al. 615-616).

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4. After studying the case concerning the possible application of antitrust policy to Google, it is possible to provide the following statement: Google must not be penalized for being a successful company. It is clear that governmental antitrust policy should be used in the interest of the public. However, there is no clear evidence that the corporation is involved in illegal or unfair activities that are connected to the reduction of the competition. Of course, Google has become one of the largest corporations on the international IT market by acquiring various companies (Lopez-Tarruella 28). However, there is no mention of mergers or trusts in its activities, which makes it possible to assume that the rapid growth of the company occurs due to its inner resources, including a unique and successful personnel policy (Carroll & Buchholtz 356). As was mentioned before, the companies that show such growth cannot be subjects to governmental antitrust policy. Moreover, Google is a remarkable example of a small company being able to grow to the level of Multinational Corporation and achieve worldwide acclaim, and thus being somewhat of an inspiration to the other companies. Therefore, using antitrust policy to impose restrictions and limitations on Google would be unfair and may discourage other companies from striving for success.

Works Cited

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