

### 3.6 Government Intervention

#### Controlling Mergers and Monopolies

- i. What board regulates the level of competition in markets?
- ii. How can governments control mergers?
- iii. How can price regulations be used to control monopolies?
- iv. What are the advantages of using price regulations to control monopolies?
- v. What are the disadvantages of using price regulations to control monopolies?
- vi. How can profit regulations be used to control monopolies?
- vii. What are the advantages of using profit regulations to control monopolies?
- viii. What are the disadvantages of using profit regulations to control monopolies?
- ix. How can quality standards be used to control monopolies?
- x. What are the advantages of using quality standards to control monopolies?
- xi. What are the disadvantages of using quality standards to control monopolies?
- xii. How can performance targets be used to control monopolies?
- xiii. What are the advantages of using performance targets to control monopolies?
- xiv. What are the disadvantages of using performance targets to control monopolies?
- xv. What are the advantages of nationalising monopolies?
- xvi. What are the disadvantages of nationalising monopolies?
- xvii.

#### Promoting Competition

- i. How can the promotion of small business enhance competition and contestability in markets?
- ii. What are the advantages of the promoting small business to enhance competition and contestability in markets?
- iii. What are the disadvantages of the promoting small business to enhance competition and contestability in markets?
- iv. How can deregulation enhance competition and contestability in markets?
- v. What are the advantages of deregulation to enhance competition and contestability in markets?
- vi. What are the disadvantages of deregulation to enhance competition and contestability in markets?
- vii. How can competitive tendering for government contracts enhance competition and contestability in markets?
- viii. What are the advantages of competitive tendering for government contracts to enhance competition and contestability in markets?
- ix. What are the disadvantages of competitive tendering for government contracts to enhance competition and contestability in markets?
- x. How can privatisation enhance competition and contestability in markets?
- xi. What are the advantages of privatisation to enhance competition and contestability in markets?
- xii. What are the disadvantages of privatisation to enhance competition and contestability in markets?

#### Protecting Suppliers and Employees

- i. How can governments restrict the power of monopsony?
- ii. How might nationalization protect suppliers and employees?

#### Limits to Government Intervention

- i. What is regulatory capture?
- ii. Why might asymmetric information exist between a firm and a regulator?