



Market Regulation

- Regulation in perspective
 - What do we mean by “regulation”, “private property”, and “the free market”? The political-economic nexus.
 - Reciprocal nature of regulation
 - Political nature of regulation
 - Objectives of regulation
 - Incremental nature of regulation
 - Jurisdictional boundaries
 - Unintended as well as intended consequences



Market Regulation

- Food system regulation in the US
 - Anti-monopoly legislation
 - Food-system trade practices regulation
- International food system regulation
 - WTO
 - Food safety, etc.
- Food system regulation in low- and middle-income countries



Regulation in perspective

- What do we mean by:
 - “regulation”?
 - “private property”?
 - “the free market”?
- The political-economic nexus
- Objectives of regulation
 - Promote reliable expectations
 - Align private and social incentives



Regulation in perspective

- Political nature of regulation
 - Defining what society wants
 - 2 levels of regulation: pre-transaction and post-transaction
- Reciprocal nature of regulation
- Incremental nature of regulation
- Jurisdictional boundaries
- Unintended as well as intended consequences



U.S. Anti-Monopoly Regulations

- Basic Legislative Acts

- Sherman Anti-Trust
- Clayton
- Federal Trade Commission
- Robinson-Patman
- Capper-Volstead (*enabling legislation*)
- Proposed reforms (Anti-trust Modernization Commission: <http://www.amc.gov/>)



U.S. Anti-Monopoly Regulations

- Provisions: Prohibitions/restrictions on:

- Restraint of trade—Collusion to exert market power
 - Price fixing
 - Market allocation
 - Tied sales (*rule of reason*)
- Price Discrimination
- Mergers and Acquisitions



Trade Practice Regulation (USDA, FDA & FTC)

- Basic Provisions
 - Anti-trust
 - Unfair trade practices
 - Prompt and full-pay
 - Discriminatory practices
 - Labeling and truth in advertising



Trade Practice Regulation

- Federal Acts
 - Packers & Stockyards Act
 - Perishable Agricultural Commodities Act (PACA)
 - Commodities Futures Trading Commission Act
 - Capper-Volstead Act
 - Agricultural Fair Practices Act
 - United States Warehouse Act
 - Federal Seed Act



International Food System Regulation

- [WTO](#) – Covers rules governing all trade, including agriculture. Focuses on conduct affecting competition in world markets.
- [Codex Alimentarius](#)
 - Sets standards for food products entering into international trade. Focuses on food quality and safety and clear product definitions.
 - Incorporated into WTO's Sanitary and Phytosanitary Standards (SPS) and Technical Barriers to Trade (TBT) provisions. |



Lessons from US Experience

- Markets don't develop as socially useful tools without human intervention
- Rules greatly affect performance. There are many ways to structure a market.
- Don't mimic other countries' regulatory structure. Rather, look at the incentives created by those structures and try to graft similar incentives into existing institutions if possible