Role of Executive Agencies in regulating businesses and industries

- Executive agency which is also called the machine of the government is the part of one of the department of government which is responsible to do some executive functions of the government. These departments are treated separately as budgetary and managerially functions.

- There are many different offices that come under the executive agencies which are responsible to regulate businesses and industries including Cabinet Offices, Department of Commerce, Department of Energy, Commodity Future Trading Commission, Consumer Financial Protection Bureau (CFPB), Federal Reserve System and Federal Trade Commission etc.

- The role that each agency plays in regulation of businesses varies according to their nature. One of the purposes to design these agencies as stated by Brooksley Born is “to protect the money of the people”.

- The Department Of Commerce gathers demographic data that supports businesses and industries through providing various services such as innovation, technological advancement and economic development. It is responsible to protect the businesses through the issuance of trademarks and patents. In addition, it ensures the use of technical and scientific resources effectively by the industries. Moreover the agency enforces and assists the international trade agreements.
One of the roles that these agencies such as Federal Reserve or central bank plays is told by Joseph Stiglitz who was the financial advisor of Clinton’s council. According to him, “Central banking is a massive intervention that sets interest rates” (Pbs.org). Thus, through setting interest rates, it manages the money supply in the economy which prevents the economic slowdown. Thus, it also helps firms to work in the sustainable economic environment.

The role of Commodity Future Trading Commission is to regulate option markets and commodity futures. This agency is responsible to protect the participants of market against fraud, inefficient trade practices and manipulation. Thus, it facilitates the businesses to discover prices and offset its risks.

Moreover, the function of CFTC is to deal with derivatives that are offered to provide assistants in the development of the businesses and industries. Derivatives are basically the securities which prices depend upon other assets including stocks, bonds, currencies, commodities and interest rates.

However, these securities are offered in different categories such as swaps, forward rates etc. Through providing derivatives, the agencies allow the banks to lend the firms for hedging their positions and invest in riskier projects. It also allows them to overcome their selves and take advantage from the unforeseen situations.

Initially the derivatives were unregulated and said to be sold secretly through black box. For example, in 1993, the Banker Trust sold derivatives to Procter & Gamble. At that time, it was introduced and understood by only few initiators. As a result, P&G sued the bank to sell the complex products (Pbs.org).

Firm, in order to raise money, are required to file their operations’ reports to Security and Exchange Commission. Therefore, through the regulation of businesses, the SEC possesses
power to stop the sale of fraud securities. Thus, it also provides the investor to have access of all required information and build the trust on the firm’s assets.

How Executive Branches support or hinder the role of Administrative Agencies

- The Executive Branch is the branch of state or federal government which is responsible to support, enforce and implement the laws. However, these laws are made by legislatives or judicial branches. All the power of Executive Branches is in the hand of the president who acts as a state’s head.

- The role of Executive Branch is to define the goals on which each agency has to work. However, almost all the agencies have single administrator or director who is appointed by the president.

- Executive Branch supports different administration agencies through providing the laws, regulations and standardized framework. It assists the Department of Agriculture to execute and develop the agriculture, farming and food policies. In addition, it is responsible to set the standards that help the industry to meet the food safety, protection of natural resources and promotion of agriculture trade.

- One of the responsibilities of the Executive branch is to prevent the agencies to take regulation of inappropriate and riskier products which can create disruption in the markets. For example, in 1998, it stopped Brooksley Born who was the chairperson of Commodity Future Trading Commission and intended to give legal status to the Over-the-counter derivatives. However, the opposing working group agencies were not in favor and took it as the fraud which can result in serious disaster in the economy. Thus, Executive Branch intervened to stop the regulation of the product (Pbs.org).

- Department of Energy advances the energy and economic security of the country. It assists through providing funds to guarantee nuclear security, scientific researches.
While the department of health and human services allow agencies to protect the health of people through providing necessary human and health services. This agency helps to conduct health related researches through which it becomes easier to ensure drug safety and thus prevent severe diseases.
Works Cited