Department of Economics
Course Outline

Term: Winter 2006

Course: Economics 477
[Regulatory Economics]   **Section:**   02

Time: TR 12:30 ? 13:45   **Place:**   ES 615
(subject to change)

Instructor: Aidan Hollis

Office: SS 426   **Telephone:**   220-5861

Office Hours: WF 1400 ? 1500   **E-Mail:**   ahollis@ucalgary.ca

Textbook(s):

Jeffrey Church and Roger Ware. *Industrial Organization: A Strategic Approach,*
Irwin/McGraw Hill, 2000. (Available on the web at no charge.)

Book(s) on Reserve:

There are also a number of books on reserve for this course in the library; we will be using them and other materials.

- Armstrong, Mark. *Regulatory reform: economic analysis and British experience,* MIT Press.

- Crew, Michael A. *Markets, pricing and deregulation of utilities*, Kluwer Academic Publishers.

- Crew, Michael A. *Expanding competition in regulated industries*, Kluwer Academic Publishers.

- Crew, Michael A. *Regulation under increasing competition,* Kluwer Academic Publishers.

- Crew, Michael A. *Incentive regulation for public utilities,* Kluwer Academic Publishers.

- Crew, Michael A., Kleindorfer, Paul R. (Eds.)
Regulatory and Economic Challenges in the Postal and Delivery Sector, Kluwer Academic Publishers.

- Crew, Michael, Spiegel, Menahem (Eds.) *Obtaining the best from Regulation and Competition*, Kluwer Academic Publishers.

- Faruqui, Ahmad. *Pricing in competitive electricity markets,* Kluwer Academic Publishers.

- Gabel, David. *Opening Networks to competition: the regulation and pricing of access,* Kluwer Academic Publishers.

- Mansell, Robert L. and Church, J.R. *Traditional and incentive regulation: applications to natural gas pipelines in Canada,* Van Horne Institute.

- Newbery, David M.G. *Privatization, restructuring and regulation of network utilities,* MIT Press.

- Train, Kenneth. *Optimal regulation: the economic theory of natural monopoly*, MIT Press.

Course Outline:

The object of this course is to give students an understanding of how regulation and regulated firms operate. A surprisingly large proportion of our economy ? telecom, pipelines, electricity and others ? is regulated by government authorities. We explore the reasons for this regulation, using tools developed in intermediate economics theory courses. We examine how it is supposed to work in theory, and explore the many pitfalls and trade-offs inherent in any approach to regulation. The midterm will test your understanding of the theory of regulation. The second half of the course examines the operation of regulatory schemes and attempts at deregulation by working through several case studies. This section is very practical and will enable students to look at other regulatory schemes to identify what strengths and weaknesses they are likely to have. The final exam will test your ability to apply the theory that we worked through in the first part of the course to case studies.

Students will be required to write an original piece of research on a regulatory topic to be approved with me. I will also

also be required to present a summary of their paper?s findings to the class.

I will provide a detailed schedule of readings and dates in the first week of classes.

Grade Determination and Final Examination Details:

Midterm Examination	15%
paper	45%
Assignment 1	5%
Assignment 2	5%
Final Examination	30%
	100%

Tests and final exams are marked on a numerical (percentage) basis, then converted to letter grades. The course grade is then calculated using the weights indicated above. As a guide to determining standing, these letter grade equivalences will generally apply:

A+	91 - 100	B	73 - 66	C-	60 - 62
A	86 - 90	B-	70 - 72	D+	55 - 59
A-	80 - 85	C+	67 - 69	D	50 - 54
B+	77 - 79	C	63 - 66	F	<50

If, for some reason, the distribution of grades determined using this conversion chart appears to be abnormal the instructor reserves the right to change the grade conversion chart if the instructor, *at the instructor's discretion*
, feels it is necessary to more fairly represent student achievement.

A passing grade on any particular component of the course is not required for a student to pass the course as a whole.

Non-programmable calculators will be allowed during the writing of tests or final examinations.

There will be a Registrar scheduled final examination, lasting 2 hours in a classroom.

Tests and exams will not involve multiple choice questions.

Students? Union Vice President Academic
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Society of Undergraduates in Economics (S.U.E.)
www.fp.ucalgary.ca.econ

Notes:

· Students seeking reappraisal of a piece of graded term work (term paper, essay, etc.) should discuss their work with the Instructor *within fifteen days* of the work being returned to the class.

· Students will be required to sign up with the class email list to facilitate communications.

Safewalk / Campus Security: 220-5333

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AH/mi
2006-01-09