



Department of Economics and Finance

ECON*3580
Economics of Regulation
Winter 2016

Economics of Regulation (Econ 3580)

Instructor: Dr. Talat Genc

Email: tgenc@uoguelph.ca

Office hours: TBA

or by appointment.

Office: MacKinnon 732

Teaching assistant: TBA

Winter, 2016

Class time: M.W 10:00am- 11:20am

Classroom: MCKN 308

It is your responsibility as a student to be aware of and to abide by the University's policies regarding academic misconduct, email communication, maintaining copies of out-of class assignments, what to do when you cannot meet a course requirement and the drop date for this semester. To better understand these policies, visit:

<http://www.economics.uoguelph.ca/econ/toc/courses.asp>

Textbook: Economics of Regulation and Antitrust by W.K. Viscusi, J.E. Harrington, J.M. Vernon. Publisher: MIT Press, 4th ed.

Additional readings from some journals will also be assigned.

Prerequisite(s): Econ*2310 and Econ*2770.

Course Objectives: The main purpose of this class is to understand economic issues of regulated industries such as electricity, crude oil, natural gas, and natural monopolies. We will discuss rationale of government interventions for market failures. We will also study economic behavior of firms/industries in the case of the interventions. We will use some theoretic and empiric models to understand these issue.

Grading Policy: Students will write a midterm and a final exam with the following weights:

Midterm: 40% (of the final grade), 2/24/2015 class time

Final exam: 60% (of the final grade) Date: 4/20/2016 at 7:00pm-9:00pm

Examination Policy: You are expected to be present for each examination. *There will be no make-up examinations.* In case of an unavoidable emergency, please contact the instructor (contact person can be you or someone delegated by you) immediately; otherwise expect a grade of zero.

Tentative Course Outline: Chapters are from the textbook.

Chapter 1: Introduction.

Chapter 4: Efficiency and Technical Progress.

Chapter 10: Introduction to Economic Regulation.

Chapter 11: Theory of Natural Monopoly.

Chapter 12: Natural Monopoly Regulation and Electric Power.

Chapter 14: Public Enterprise.

Chapter 18: Economic Regulation of Energy: Crude Oil and Natural Gas.

Chapter 16: The Regulation of Potentially Competitive Markets: Theory and Estimation Methods.

Chapter 17: Economic regulation of Transportation: Surface Freight and Airlines.

OTHER

* You should be ready to follow up on class notes *daily* at home. Advanced reading of material to be covered in the class will assist you in better understanding the material.

* Students with disabilities who require reasonable accommodations to fully participate in course activities or meet course requirements are encouraged to contact me.

* Students who want to appeal a grade should do it in writing, no later than the day after the exam was returned.

* You will be asked to complete in-class course evaluation some time during the last two weeks of the semester. The Department of Economics policy regarding the conduct and use of these evaluations will be found at

<http://www.economics.uoguelph.ca/pgm/evaluation.html>

In keeping with the University's Learning Outcomes, the Department of Economics and Finance *Learning Outcomes* (skills and knowledge competencies) for this course are:

Skills:

- 1) ***Written Communication:*** Short answer essay questions which will be graded with the usual essay writing criteria except for the requirement of a bibliography.
- 2) ***Numerical Problem Solving:*** Students will have to **solve** various optimization problems. Students will also have to make **quantitative predictions**. These numerical skills will be assessed with quantitative problems in the homework assignments, the midterm and final.
- 3) ***Analytical Problem Solving:*** Some chapters of the course rely on graphical **analysis** to **demonstrate** and **interpret** various economic models. This will be tested on the homework assignments, midterms and final.
- 4) ***Problem solving in a Real World Context:*** Students will have to **apply** the course materials to historical and current microeconomic problems.
- 5) ***Professional and ethical awareness and conduct:*** There will be no time extension to complete the homework assignments in order to master **time management** skills.

Knowledge:

- 1) ***Mathematical Methodology:*** Students are expected to **analyze** equilibrium models.
- 2) ***Microeconomic modelling:*** Students are expected to **apply** the supply and demand framework to various markets, the theory of the firm and the theory of the consumer.
- 3) ***Understanding of Specific Markets:*** Several sectors are **analyzed** such as crude oil, natural gas, electricity and transportation industries.
- 4) ***Economic Policy and Regulation:*** Students should **understand** and **explain** the role of government interventions on the market outcomes.

University Policies

Academic Consideration

When you find yourself unable to meet an in-course requirement because of illness or compassionate reasons, please advise the course instructor in writing, with your name, id#, and e-mail contact. See the academic calendar for information on regulations and procedures for

Academic Consideration: <http://www.uoguelph.ca/registrar/calendars/undergraduate/current/c08/c08-ac.shtml>

Academic Misconduct

The University of Guelph is committed to upholding the highest standards of academic integrity and it is the responsibility of all members of the University community, faculty, staff, and students to be aware of what constitutes academic misconduct and to do as much as possible to prevent academic offences from occurring.

University of Guelph students have the responsibility of abiding by the University's policy on academic misconduct regardless of their location of study; faculty, staff and students have the responsibility of supporting an environment that discourages misconduct. Students need to remain aware that instructors have access to and the right to use electronic and other means of detection. Please note: Whether or not a student intended to commit academic misconduct is not relevant for a finding of guilt. Hurried or careless submission of assignments does not excuse students from responsibility for verifying the academic integrity of their work before submitting it. Students who are in any doubt as to whether an action on their part could be construed as an academic offence should consult with a faculty member or faculty advisor.

The Academic Misconduct Policy is detailed in the Undergraduate Calendar:

<https://www.uoguelph.ca/registrar/calendars/undergraduate/2015-2016/>

Accessibility

The University of Guelph is committed to creating a barrier-free environment. Providing services for students is a shared responsibility among students, faculty and administrators. This relationship is based on respect of individual rights, the dignity of the individual and the University community's shared commitment to an open and supportive learning environment. Students requiring service or accommodation, whether due to an identified, ongoing disability or a short-term disability should contact Student Accessibility Services as soon as possible.

For more information, contact SAS at 519-824-4120 ext. 56208 or email csd@uoguelph.ca or see the website: <http://www.csd.uoguelph.ca/csd/>

Course Evaluation Information

Please refer to: <https://www.uoguelph.ca/economics/course-evaluation>

Drop date

The last date to drop one-semester courses, without academic penalty, is March 11th, 2016. For regulations and procedures for Dropping Courses, see the Academic Calendar:

<https://www.uoguelph.ca/registrar/calendars/undergraduate/2015-2016/>