



COURSE INFORMATION

Course Number and Title: ECON362 Government Regulation of Business

Credits: 3

Description

One of the most exciting areas of economic policy is government regulation and antitrust. These efforts affect virtually all aspects of our lives. This course examines public policies in energy markets, public utilities, telecommunications, transportation and consumer and worker protection.

This study of government regulation of business is focused through the lens of economic theory. We study supply, demand, and efficiency in market to provide an analysis of the principles and purpose of government regulation of business. We will consider both the underlying theory of government regulation and the ways in which regulation works in practice.

The course will cover regulation related to mergers, collusion, natural monopolies, intellectual property, environmental quality, and workplace safety.

Our objective in this course is to:

- 1) discuss the economic justification for regulation in various markets,
- 2) examine the economic incentives and behavioral considerations that drive the effectiveness of different types of market interventions.

COURSE DETAILS

Required Text

Viscusi, W. Kip, J. Harrington Jr. and John M. Vernon. Economics of Regulation and Antitrust. 4e. ISBN-13: 978-0262220750

In addition to the required text, you may want to use an intermediate microeconomics textbook as a reference for some of the models covered in class.

Additional short readings will be posted on the course website throughout the semester.

Course Structure

The course will follow this general pattern:

- Monday and Wednesday, 2:00pm – 3:20pm: We will have required meetings each week to discuss the course materials.
- Friday:
 - Open office hours from 12:00-1:00pm
 - Weekly video lecture will be uploaded to blackboard that will serve as a foundation for the material in the week that follows.

Course Grading

Achievement in this course will be assessed through completion of the following activities:

Assessment Name	Percentage	Date
Attendance	15%	
First Test	25%	Noon – 5:00pm, Wednesday, March 3, 2021
Second Test	30%	Noon – 5:00pm, Monday, April 12, 2021
Final Test	30%	2:00 pm – 5:00pm, Thursday, May 13, 2021
Total	100%	

Tests

The three tests will be made up of true/false and short response answers. The tests will be posted to blackboard and submitted to blackboard. The short answer questions can be completed on blackboard or in a word document to submit to blackboard before the due date.

Grading Scale

Grades are determined by a cumulative point total as follows:

Letter	Percentage
A	93%+
A-	90-92%
B+	87-89%
B	83-86%
B-	80-82%
C+	77-79%
C	73-76%
C-	70-72%
D	60-69%
F	59% or less

Outline of the Course

The course is broken up into nine (9) modules. The following outline presents the topics to be covered in each module

1. Foundations of Economic Analysis

- 1.1. Review of Consumer and Producer Behavior
- 1.2. The Rationale for Regulation and Antitrust Policies

2. Imperfect Competition and Antitrust Regulation

- 2.1. Sources of Monopoly Power: Barriers to Entry, Entry/Exit Restrictions, Regulation and Predatory Pricing
- 2.2. Mergers and Measuring Market Power
- 2.3. Monopoly Pricing and Price Discrimination and the Inefficiency of a Monopoly

3. Regulation of a Natural Monopoly

- 3.1. Definition and Challenges and Potential Pricing (Linear, Two-Part Tariff, Ramsey Pricing)
- 3.2. Natural Monopoly Regulation and Electric Power: Rate-of-return regulation and incentive regulation
- 3.3. Public Enterprise: Assessment of Private and Public Utilities

4. Industry Studies

- 4.1. Regulation and Restructuring of Electric Power
- 4.2. Airlines: Lessons from Regulation and Deregulation
- 4.3. Telecommunications and Information Technology

5. Oligopoly, Collusion and Antitrust

- 5.1. Introduction to Game Theory: Oil and gas markets
- 5.2. Oligopoly Theory: Cournot and other models of Collusion
- 5.3. Product Differentiation and Monopolistic Competition

6. Patents and Intellectual Property

- 6.1. Incentives to Invent: Efficiency and Technical Progress
- 6.2. Cost, Quality and Access: Concerns about Fairness
- 6.3. Product Safety: Pre-manufacturing Screening – The Case of Pharmaceuticals

7. Product Safety

7.1. Emergence of Product Safety Regulations

7.2. Behavioral Response to Product Safety Regulation: Insurance and liability

7.3. The Rise of Product Liability: Regulation through Litigation

8. Environmental Regulation

8.1. The Coase Theorem

8.2. Instrument Choice in Environmental Policy

9. Workplace Safety

9.1. Compensating Wage Differentials and Inadequacies in the Market

9.2. OSHA's Regulatory Approach

Date	Topic	Module
Wednesday, January 27, 2021	Introduction and Course Overview	
Monday, February 1, 2021	Review of Supply and Demand	Foundations of Economic Analysis
Wednesday, February 3, 2021	The Rationale for Regulation and Antitrust Policies	Foundations of Economic Analysis
Monday, February 8, 2021	Introduction to Antitrust: Sources of Monopoly Power	Imperfect Competition and Antitrust Regulation
Wednesday, February 10, 2021	Mergers and Measuring Market Power	Imperfect Competition and Antitrust Regulation
Monday, February 15, 2021	Monopoly Pricing, Price Discrimination and the Inefficiency of a Monopoly	Imperfect Competition and Antitrust Regulation
Wednesday, February 17, 2021	Natural Monopoly: Definition, Challenges and Pricing	Regulation of a Natural Monopoly
Monday, February 22, 2021	Natural Monopoly Regulation and Electric Power	Regulation of a Natural Monopoly
Wednesday, February 24, 2021	Public Enterprise: Assessment of Private vs. Public Utilities	Regulation of a Natural Monopoly
Monday, March 1, 2021	Regulation and Restructuring of Electric Power	Industry Studies
Wednesday, March 3, 2021	TEST 1	
Monday, March 8, 2021	Airlines: Lessons from Regulation and Deregulation	Industry Studies
Wednesday, March 10, 2021	Telecommunications and Information Technology	Industry Studies
Monday, March 15, 2021	Introduction to Game Theory: Oil and Gas Markets	Oligopoly, Collusion and Antitrust
Wednesday, March 17, 2021	SPRING BREAK	
Monday, March 22, 2021	Oligopoly Theory: Cournot and other models of collusion	Oligopoly, Collusion and Antitrust
Wednesday, March 24, 2021	Product differentiation and Monopolistic Competition	Oligopoly, Collusion and Antitrust
Monday, March 29, 2021	Incentives to Invent: Efficiency and Technical Progress	Patents and Pharmaceuticals
Wednesday, March 31, 2021	The case of pharmaceuticals; Cost, Quality and Access: Concerns about Fairness	Patents and Pharmaceuticals
Monday, April 5, 2021		
Wednesday, April 7, 2021	SPRING BREAK	
Monday, April 12, 2021	TEST 2	
Wednesday, April 14, 2021	Product Safety Regulation: Emergence and behavioral responses	Product Safety
Monday, April 19, 2021	The Rise of Product Liability: Regulation through litigation	Product Safety
Wednesday, April 21, 2021	The Coase Theorem	Environmental Regulation
Monday, April 26, 2021	SPRING BREAK	
Wednesday, April 28, 2021	Environmental Regulation: Command and Control vs Incentive Based Policies	Environmental Regulation
Monday, May 3, 2021	Compensating Wage Differentials and the Inadequacies in the Market	Workplace Safety
Wednesday, May 5, 2021	OSHA's Regulatory Approach	Workplace Safety
Monday, May 10, 2021		

COURSE POLICIES

Late Assignment Policy

It is very important that work be turned in on time or students will find it very difficult to catch up. All work in the course (e.g. exams) will be due by 5:00 pm EST on the date noted on the class calendar

Faculty Communication and Feedback

Please should give 48 hours for me to get back to you for any communication and one week for grading turnaround time.

We will have zoom meetings as a group that are a great place to ask questions about the course. Any course content related questions that I get by email within 48 hours of our group meeting will be addressed in the meeting. I am also happy to meet with you in a one-on-one setting through zoom.

If you have concerns about communication or feedback reach out to the instructor first. I am always happy to set up a zoom meeting to facilitate discussion, especially when email can be slow or may need additional follow up questions.

Online Learning Student Expectations

All students are expected to contribute to their own learning as active and well-prepared participants. Learning modules will provide various opportunities for reading, reflection, applied experiences, discussion and writing. Since these activates are woven through the entire week you should log on a few times a week to keep up with the material. You should plan on spending the same amount of preparation and “class time” on this course as you would if you were taking a course in a face-to-face environment.

Logging on

The learning activities for each week are carefully sequenced, so you can accomplish a reasonable amount of work throughout the week. You should log on to the course website regularly to work through course materials and participate in course discussions.

Posting Responses

Interaction between students and faculty is an important part of this course and requires prompt postings and responses. To be efficient with our time and considerate of everyone's schedules – beyond the requirements of this course – we will operate under a consistent time structure for posting assignments and responses to online discussions.

Submitting Assessments.

Individually completed assessments should be submitted to the appropriate assessment page. Unless otherwise noted, assessments will be due by 5:00 pm EST on the date noted on the course calendar.

Academic Integrity and the Honor Code

The origin of our Honor Code at William & Mary dates back to 1736 when the college first demonstrated its highest commitment to the character of its students. The Honor Code has evolved along with the college and has gone from being a “gentlemen’s code” into a codified student honor system promoting individual responsibility on the part of all who are members of the William & Mary community relating to a student’s honor. The same high commitment to student character exists today, and the Honor Code is administered by the student body to help build a community of trust.

Upon matriculation at William & Mary, all students are asked to sign the Honor Code, expressing their commitment to not lie, cheat, or steal.

"As a member of the William & Mary community, I pledge on my honor not to lie, cheat, or steal, either in my academic or personal life. I understand that such acts violate the Honor Code and undermine the community of trust, of which we are all stewards."

Upon graduation, the Honor Code becomes the brand with which all William & Mary alumni will be judged. Our conduct during our time as students and beyond reflects our character and the character of our college. Therefore, we encourage students to be actively committed to safeguarding the Honor Code's "community of trust of which we are stewards."

Accessibility Services

William & Mary accommodates students with disabilities in accordance with federal laws and university policy. Any student who feels they may need an accommodation based on the impact of a learning, psychiatric, physical, or chronic health diagnosis should contact Student Accessibility Services staff at 757-221-2509 or at sas@wm.edu to determine if accommodations are warranted and to obtain an official letter of accommodation. For more information, please see www.wm.edu/sas