

Economics 635(L01) Regulatory Economics

Instructor: Aidan Hollis

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Lecture Location: ZOOM

Lecture Days/Time: TR 11-12:15

Office: ZOOM Delivery

Office Hours: W 1030-11:30 or by appt

F2020

Course Description:

The objective of this course is to develop expertise in regulatory economics, defined as price and entry regulation. Price and entry regulation occur when the state restricts who can provide services and approves the terms (price, quality, product variety etc.) of service. The course will consider three broad topics: (i) Why regulate? (ii) How should firms/industries be regulated? and (iii) How are firms actually regulated? A considerable part of the course will address regulatory restructuring in network industries, with case studies on electricity reform, local telecommunications, and pipelines.

The term project will include five graded components: (1) an outline, (2) a literature review (3) a preliminary draft, (4) an in-class presentation or video and (5) a final paper.

Each student will also present a paper from the reading list in class.

Class participation is graded, since this is seminar course.

Course Outcomes:

Students who successfully complete this course will

- (i) Understand and appreciate the history, rationale, and functioning of regulatory institutions.
- (ii) Understand and appreciate key principles, theories and ideas in the regulatory economics literature.
- (iii) Be able to apply the key principles in the regulatory literature to analyze, critique, and craft regulatory institutions and policies.
- (iv) Develop skills in researching, writing, and presenting analysis of regulatory issues.

Course Outline:

- Cost of service regulation
- Optimal regulation
- Baron-Myerson model
- Baron-Myerson model with investment
- Auditing
- Renegotiation and Commitment
- Price caps: theory and practice
- Yardstick pricing
- Theories of regulation
- State-owned enterprises
- Competition as regulation

- Industry case studies

Prerequisites/corequisites:

Admission to the economics MA or PhD programs.

Required Textbook(s):

Mark Armstrong and David E.M. Sappington , Chapter 27 “Recent Developments in the Theory of Regulation” in Handbook of Industrial Organization, Volume 3, 2007, Pages 1557-1700. Available as pdf online.

Recommended Textbook(s):

Industrial Organization: A Strategic Approach by Church & Ware. Irwin McGraw-Hill. Available as pdf online

Online Delivery:

This course will be delivered online. Students are expected to be able to participate online in accordance with this Course Outline. Lectures, assignments, office hours, exams, readings and other course material, etc. all require online access and this access is the responsibility of the student. The instructor will make an effort to provide reasonable accommodations and flexibility as circumstances require. Students are expected to raise with the instructor at the beginning of the semester any potential concerns that require such accommodations.

In order to remotely participate in online courses, students will need to have: computer with a current and updated operating system (macOS or Windows will work with all university-supported online learning technologies), a current and updated web browser installed – the latest versions of Firefox, Safari, Chrome or Edge will help to avoid compatibility issues, secure and reliable internet, microphone / headphones, webcam (optional), scanner (or camera to scan your work).

Desire2Learn:

This course will make use of the Desire2Learn (D2L) platform. Students who are registered in the course can log on at <http://d2l.ucalgary.ca> through their student centre. Please note that D2L features a class e-mail list that may be used to distribute course-related information. These e-mails go to your University of Calgary e-mail addresses only.

Lectures:

Lectures will be delivered online at the Registrar scheduled times and delivered using ZOOM. The lectures will be recorded and subsequently posted to D2L.

Grade Determination/Assessment:

MIDTERM ASSIGNMENT	15%
FINAL ASSIGNMENT	15%
SEMINAR PRESENTATION	10%
TERM PROJECT	<u>60%</u>
	100%

Grade Determination and Final Examination Details

Department of Economics Criteria for Letter Grades. Economics professors use the following criteria when assigning letter grades:

Grade	Grade Point Value	Description
A+	4.00	Outstanding
A	4.00	Excellent-superior performance, showing-comprehensive understanding of subject matter
A-	3.70	Very good performance
B+	3.30	Good performance
B	3.00	Satisfactory performance
B-	2.70	Minimum pass for students in the Faculty of Graduate Studies
C+	2.30	All grades below "B-" are indicative of failure at the graduate level and cannot be counted toward Faculty of Graduate Studies course requirements. Individual programs may require a higher passing grade.

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

Tests and exams **WILL NOT** involve multiple choice questions.

Absence from a Test/Exam

THERE WILL BE NO MAKEUP OR DEFERRED QUIZZES under any circumstances, nor may the quizzes be written early. Students unable to write the quizzes because of documented illness, family emergency, religious observance, or university-sanctioned event will have the weight shifted to the final examination; otherwise a grade of zero will be assigned. If a student cannot write their final exam on the date assigned by the Department, they need to arrange for a deferred exam with the department.

Reappraisal of Grades and Intellectual Honesty:

For reappraisal of graded term work, see Calendar I.2

<http://www.ucalgary.ca/pubs/calendar/current/i-2.html>

For reappraisal of final grade, see Calendar I.3

<http://www.ucalgary.ca/pubs/calendar/current/i-3.html>

ACADEMIC MISCONDUCT

Academic Misconduct refers to student behavior that compromises proper assessment of students' academic activities and includes: cheating; fabrication; falsification; plagiarism; unauthorized assistance; failure to comply with an instructor's expectations regarding conduct required of students completing academic assessments in their courses; and failure to comply with exam regulations applied by the Registrar.

Student committing academic misconduct during the final exam will not receive a passing grade on the course.

For information on the Student Academic Misconduct Policy and Procedure please visit:

<https://ucalgary.ca/policies/files/policies/student-academic-misconduct-policy.pdf>

<https://ucalgary.ca/policies/files/policies/student-academic-misconduct-procedure.pdf>

Additional information is available on the Academic Integrity Website at <https://ucalgary.ca/student-services/student-success/learning/academic-integrity>.

Academic Accommodations:

Students seeking an accommodation based on disability or medical concerns should contact Student Accessibility Services; SAS will process the request and issue letters of accommodation to instructors. Students who require an accommodation in relation to their coursework based on a protected ground other than disability should communicate this need in writing to their Instructor. The full policy on Student Accommodations is available at <http://www.ucalgary.ca/policies/files/policies/student-accommodation-policy.pdf>.

Freedom of Information and Protection of Privacy (FOIP) Act:

Personal information is collected in accordance with FOIP. Assignments can only be returned to the student and will be accessible only to authorized faculty and staff. For more information, see <http://www.ucalgary.ca/legalservices/files/legalservices/faq-students.pdf> and http://www.ucalgary.ca/legalservices/files/legalservices/faq-faculty_0.pdf.

Internet and Electronic Communication Device information:

The use of cell phones for any purpose in class is prohibited. Computers and tablets may be used for note taking only unless otherwise authorized by the instructor.

Copyright Legislation:

See the University of Calgary policy on Acceptable Use of Material Protected by Copyright at www.ucalgary.ca/policies/files/policies/acceptable-use-of-material-protected-by-copyright.pdf. Students who use material protected by copyright in violation of this policy may be disciplined under the Non-Academic Misconduct Policy.

Recording of Lectures:

Recording of lectures is prohibited, except for audio recordings authorized as an accommodation by SAS or an audio recording for individual private study and only with the written permission of the instructor. Any unauthorized electronic or mechanical recording of lectures, their transcription, copying, or distribution, constitutes academic misconduct. See <https://www.ucalgary.ca/pubs/calendar/current/e-6.html>.

Important Dates:

Please check: <http://www.ucalgary.ca/pubs/calendar/current/academic-schedule.html>

Student Organizations:

Faculty of Grad Studies website: <http://grad.ucalgary.ca/home>

Graduate Students Association: <http://gsa.ucalgary.ca/>

Professional Development for Grad Students

Workshops and resources can be found at <http://www.ucalgary.ca/mygradskills/>
Economics Graduate Association: <http://econ.ucalgary.ca/ega/>

Student Support and Resources:

- See <https://www.ucalgary.ca/registrar/registration/course-outlines> for information on campus mental health resources, the Student Ombuds' Office, Student Success Centre, Safewalk, and Emergency Evacuation and Assembly.
- Online writing resources are available at <https://ucalgary.ca/student-services/student-success/writing-support>.
- For registration (add/drop/swap), paying fees and assistance with your Student Centre, contact Enrolment Services at 403-210-ROCK [7625] or visit them in the MacKimmie Library Block.

Notes:

Students are responsible for all assigned material, e.g., supplementary material posted on D2L, regardless of whether or not the material was covered in class.

AH
2020-08-10