

## Economics 635(L01) Seminar in Regulatory Economics

Instructor:	Aidan Hollis	Lecture Location:	SS423
Phone:	403-220-5861	Lecture Days/Time:	TR 10:00 – 11:15
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Office:	Zoom only		
Office Hours:	By appointment	F2021	

### 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:

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

**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.

**Grade Determination/Assessment:**

MIDTERM EXAM	15%
FINAL EXAM	30%
SEMINAR PRESENTATION	10%
TERM PROJECT	<u>45%</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.

Students must receive a passing grade on the final exam to pass the course.

There will be a department scheduled final examination, held in a classroom, lasting 2 hours. Non-programmable calculators will be allowed during the writing of tests or final examinations

Tests and exams will not involve multiple choice questions.

The midterm exam will be held in class on October 28.

### **Absence from a Test/Exam**

THERE WILL BE NO MAKEUP OR DEFERRED midterms 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:**

*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 for the course.

For information on the Student Academic Misconduct Policy, Procedure and Academic Integrity, please visit: <https://www.ucalgary.ca/pubs/calendar/current/k-3.html>

### **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

<https://www.ucalgary.ca/legal-services/university-policies-procedures/accommodation-students-disabilities-procedure>

### **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 <https://www.ucalgary.ca/legal-services/access-information-privacy>

### **Copyright Legislation:**

See the University of Calgary policy on Acceptable Use of Material Protected by Copyright at <https://www.ucalgary.ca/legal-services/university-policies-procedures/acceptable-use-material-protected-copyright-policy> Students who use material protected by copyright in violation of this policy may be disciplined under the Non-Academic Misconduct Policy.

Course materials created by instructors (including presentations and posted notes, labs, case studies, assignments and exams) remain the intellectual property of the instructor. These materials may NOT be reproduced, redistributed or copied without the explicit consent of the instructor. The posting of course materials to third party websites such as note-sharing sites without permission is prohibited. Sharing of extracts of these course materials with other students enrolled in the course at the same time may be allowed under fair dealing.

**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 Tower.

**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.

AMH

2021-08-03