Syllabus

Regulation is pervasive. But, governments routinely over-regulate in some areas, under-regulate in others, and also mis-regulate -- by using solutions that really don’t “fit” the underlying problem, or cause more problems than they solve. When it comes to regulation, design details matter -- and so does implementation. The result is that not all regulation is good – and some of it ranges from bad to awful. Simply stated, markets fail, but so does regulation.

This course systematically evaluates these issues, using a wide array of real-world examples. Our primary text is HOW TO REGULATE: A GUIDE FOR POLICYMAKERS, by Professor Thomas Lambert (“How To Regulate”). As indicated below, there will be additional distributed readings, each of which will be posted to the course website at least one week in advance of the specified class. During the last five weeks of the semester, there will also be multiple guest speakers, each addressing specific regulatory domains. Depending on the availability of guest speakers, there is likely to be some fluidity in the scheduled dates on which they appear.

Grading is based on a final examination, three short memos, participation and attendance. Participation and attendance will count for no more than a one-step increase or decrease (i.e., B+ to an A- or B), but such adjustments will be unusual. The short memos (<1 page) should respond/react to the assigned reading for weeks 2-8 – and must be submitted through Canvas in advance of the Monday class for the week in question. Even if you agree wholeheartedly with the assigned reading, you should do your best to point out limitations, caveats, over-statements, over-simplifications, and complexities of the issues addressed in the readings. You may select which three classes you wish to write memos in response to, as long as you complete before the Monday class of week 8. One of the three memos (selected at random) will be graded and returned to you with comments before the final exam.

Class will meet twice weekly – on Monday and Wednesday, from 11:10-12:35. If make-ups are necessary, they will be scheduled well in advance of the cancelled class(es).

Specific Assignments:
Week 1: How to Regulate: Chapters 1-3 (Defining the Subject/The Overarching Model/The Private Ordering Ideal) and distributed readings.
Week 2: How to Regulate, Chapter 4 (Externalities) and distributed readings.
Week 3: How to Regulate, Chapter 5 (Public goods) and distributed readings.
Week 4: How to Regulate, Chapter 6 (Agency Costs) and distributed readings.
Week 5: How to Regulate, Chapter 7 (Market Power) and distributed readings.
Week 6: How to Regulate, Chapter 8 (Information Asymmetry) and distributed readings.
Week 7: How to Regulate, Chapter 9 (Behavioral Law and Economics) and distributed readings.
Week 8: Distributed Readings only (Political Economy, Agency Design and Regulatory Leveraging).
Weeks 9-13 guest lectures by Georgetown Faculty and outside speakers

Learning Objectives:

After completing the course, students should be able to:

- Identify common causes of market failure;
- Identify appropriate regulatory responses to market failure, and describe the trade-offs associated with each of these responses;
- Assess whether government is over-regulating, under-regulating, or mis-regulating in any given circumstance.