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 texts are HOW TO REGULATE: A GUIDE FOR POLICYMAKERS, by Professor Thomas Lambert (“TL”), and Peter Schuck, WHY GOVERNMENT FAILS SO OFTEN: AND HOW IT CAN DO BETTER (“PS”). There will be additional distributed readings (DR), each of which will be posted to the course website at least one week in advance of the specified class. The last five weeks of the semester will be taught by guest speakers, each addressing specific regulatory domains within their area of expertise. A revised syllabus will be issued once the scheduling of guest speakers is finalized.

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 classes scheduled for 1/23–3/6, and must be submitted through Canvas in advance of the class 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 all three memos no later than 3/6. 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 in McDonough 110. Please note that there is no class on 2/4, 2/6, 3/18 and 3/20 – with make-up classes scheduled on 1/30, 2/13, 2/27 and 3/6. Make-ups will be held from 3:30 – 5:00. Thus, we will have two sessions on those days – the regular class from 11:10-12:35, and the make-up from 3:30 – 5:00.

Office hours will be held on Mondays, from 1:30 – 3:00 pm. There will not be office hours on 2/4, 2/18, and 3/18.

The final exam is on May 8, 2019 at 9 am.
Specific Assignments:
1/14    No class – weather cancellation
1/16    TL, Chapters 1-3; PS, Chapters 1-2
1/21    MLK Day – No Class
1/23    TL, Chapter 4 (Externalities)
1/28    TL, Chapter 5 (Public Goods)
1/30    TL, Chapter 6 (Agency Costs)
1/30 (2nd) Make up class: TL, Chapter 7 (Market Power), McDonough 109
2/4     No class
2/6     No class
2/11    TL, Chapter 8 (Information Asymmetries)
2/13    TL, Chapter 9 (Behavioral Law & Economics/Conclusion), DR
2/13 (2nd) Make up class: PS, Chapters 3-4, McDonough 110
2/18    President’s Day – No classes
2/21    PS, Chapters 5-7 (Statutory Monday)
2/25    PS, Chapters 8-9
2/27    PS Chapters 10-11
2/27 (2nd) Make up class: PS, Chapters 12-13, McDonough 109
3/4     Politics and Agency Design, DR only
3/6     Critiques of TL and PS, DR only
3/6 (2nd) Make up class: Operationalizing what we’ve learned, McDonough 110, no reading
3/11    No class
3/13    No class
3/18    No class
3/20    No class
3/25    Guest Speaker: Professor Sukhatme – IP
3/27    Guest Speaker: Professor Fleming – Fringe Lending
4/1     Guest Speaker: Professor Velikonja – Securities
4/3     Guest Speaker: Professor Vladeck – Consumer Protection
4/8     Guest Speaker: Professor Ohm, Privacy
4/10    Guest Speaker: Professor Diamond – Housing Regulation
4/15    Guest: Professor Westmoreland – Health Law
4/17    Guest Speaker: Professor Galle, Tax
4/22    Professor Howard Shelanski – OIRA/Antitrust
4/24    Summing Up: How to Regulate

Learning Objectives:

After completing the course, students should be able to:

- Identify common causes of market failure and government 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.