

Regulated Industries

Law 315; George Mason University School of Law; Spring 2009

Prof. Larry Darby – 202-362-9061 – ldarby@erols.com

Prof. Jeffrey Eisenach – 202-448-9029 – jeisenach@empiris.com

Description

This course introduces students to regulatory institutions and the law and economics of regulatory policy and institutions, including specifically traditionally regulated industries such as electricity, securities, telecommunications and transportation.

Grades

Each student will be required to write two research papers. Each of the papers will constitute 40% of the student's grade. The remaining 20% of the grade will be based on class attendance and participation.

- Paper I: Topic and due date TBA.
- Paper II: Topic and due date TBA.

Text and Other Materials

Students should purchase W. Kip Viscusi, Joseph E. Harrington Jr. and John M. Vernon, *Economics of Regulation and Antitrust* 4th Ed. (MIT Press, 2005). Other materials will be provided online at the TWEN website for the course or are available through JSTORS. Materials marked with an asterisk (“*”) are “recommended.” The remainder should be considered “required.”

Course Outline and Readings

Week 1 (January 8): Class Introduction and Overview (D&E)

- Viscusi, Herrington, Vernon, Chap. 1.

Week 2 (January 15): The Roots of Modern Regulation (D or E)

- Frederick W. Taylor, *The Principles of Scientific Management* (New York: Harper & Brothers Publishers, 1911), (Chapter 1, pp. 5-29) (available online at <http://books.google.com/books?id=5ek4cYPdndYC&pg=PA30&dq=%22principles+of+scientific+management%22+1911#PPA9,M1>)
- Ronald C. Moe, Reorganizing the Executive Branch in the Twentieth Century: Landmark Commissions (Washington, DC: Congressional Research Service, March 19, 1992).*
- Arthur M. Schlesinger, Jr., The Coming of the New Deal (Boston: Houghton Mifflin Company, 1958), (Chapter 11, pp. 179-194).*
- Joan Hoff Wilson, Herbert Hoover: Forgotten Progressive (Boston: Little, Brown & Company, 1975) (Chapter 4, pp. 79-121).*

Week 3 (January 22): Law and Economics of Regulation (D or E)

- Viscusi, Herrington, Vernon, Chap. 10.
- Sam Peltzman, "Toward a General Theory of Regulation," *Journal of Law and Economics* 19 (August 1976), 211.
- Richard A. Posner, "Theories of Economic Regulation," *Bell Journal of Economics & Management Science* 5 (1974), 155.
- George Stigler, "The Theory of Economic Regulation," *Bell Journal of Economics & Management Science* 2 (1971), 3-21.
- Gordon Tullock, "The Welfare Costs of Tariffs, Monopolies and Theft," *Western Economic Journal* (1967), 224-232.

Week 4 (January 29): Economics of Regulation I: Economic Regulation (E)

- Viscusi, Herrington, Vernon, Chap. 11

Week 5 (February 5): Electricity (E)

- Viscusi, Herrington, Vernon, Chap. 12

Week 6 (February 12): Transportation (E)

- Viscusi, Herrington, Vernon, Chap. 17

Week 7 (February 19): Telecommunications I (E)

- Viscusi, Herrington, Vernon, Chap. 15.
- Robert W. Hahn, Robert E. Litan and Hal J. Singer, "The Economics of 'Wireless Net Neutrality'" (April 2007). AEI-Brookings Joint Center Working Paper No. RP07-10 (Available at <http://ssrn.com/abstract=983111>)
- Gregory J. Sidak, "A Consumer-Welfare Approach to Network Neutrality Regulation of the Internet," *Journal of Competition Law and Economics* 2; 3, pp., (September 2006), 349-474 (Available at <http://ssrn.com/abstract=928582>)*
- Tim Wu, "Network Neutrality, Broadband Discrimination," *Journal of Telecommunications and High Technology Law* 2 (2003), 141. (Available at <http://ssrn.com/abstract=388863>)
- Tim Wu, "Wireless Net Neutrality: Cellular Carterfone on Mobile Networks," New America Foundation Wireless Future Program Working Paper No. 17, Feb. 2007 (Available at http://papers.ssrn.com/sol3/papers.cfm?abstract_id=962027&high=%20net%20neutrality)
- Federal Trade Commission, *Broadband Connectivity and Competition Policy*, FTC Staff Report, June 2007 (available online at www.ftc.gov/reports/broadband/v070000report.pdf)*

Week 8 (February 26): Telecommunications II (D)

- Federal Communications Commission, *In the Matter of Unbundled Access to Network Elements*, WC Docket No. 04-313, Order on Remand, FCC 04-290 (February 4, 2005).*
- Federal Communications Commission, *In the Matter of Appropriate Framework for Broadband Access to the Internet Over Wireline Facilities CC Docket No. 02-33, Report and Order and Notice of Proposed Rulemaking*, FCC 05-150 (September 23, 2005).*
- *U.S. TELECOM ASS'N v. F.C.C.* (359 F.3d 554 (D.C. Cir. 2004))
- Jerry A. Hausman and Gregory J. Sidak, "A Consumer-Welfare Approach to the Mandatory Unbundling of Telecommunications Networks" *Yale Law Journal* 109; 3, (December 1999) 417-505 (Available at SSRN: <http://ssrn.com/abstract=205670>)*
- Howard A. Shelanski, "Adjusting Regulation to Competition: Toward a New Model for U.S. Telecommunications Policy," 24 *Yale Journal on Regulation* 55-105 (Winter 2007) (available online at www.law.berkeley.edu/institutes/bclt/pubs/shelanski/Shelanski_TelecomReg&Competition_FINAL.pdf)

Week 9 (March 5): Financial Regulation I (D)

Week 10 (March 12): No Class (Spring Break)

Week 11 (March 19): Financial Regulation II (D)

Week 12 (March 26): Financial Regulation III (D)

Week 13 (April 2): Financial Regulation IV (D)

Week 14 (April 9): Social Regulation – Externalities and Public Goods (E)

- Viscusi, Herrington, Vernon, Chaps. 2, 19.
- Ronald Coase, "The Problem of Social Cost," *Journal of Law and Economics* (October 1960)
- OMB Circular A-4
- Susan Dudley, *Primer on Regulation* (December 2005) (available at http://www.mercatus.org/uploadedFiles/Mercatus/Publications/20060510_Primer_on_Regulation_Dudley_Dec_2005_Final_as_Posted.pdf)

Week 15 (April 16): Regulation of Information and Consumer Protection (E)

- Viscusi, Herrington, Vernon, Chap. 22
- Federal Trade Commission, *Fulfilling the Original Vision: The FTC at 90* (April 2004) (available at <http://www.ftc.gov/os/2004/04/040402abafinal.pdf>)
- George A. Akerlof, "The Market for 'Lemons': Quality Uncertainty and the Market Mechanism," *The Quarterly Journal of Economics* 84;3 (Aug. 1970), 488-500.
- Howard Beales, Richard Craswell and Steven C. Salop, "The Efficient Regulation of Consumer Information," *Journal of Law and Economics* 24 (December 1981) 491-539.