University of Colorado
Economics 8747
Applied Industrial Organization: Economic Regulation

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Hours: TBA
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Synopsis: This course deals with the regulatory processes that
are a major function of the public sector in a modern mixed
economy. We will cover the theory of economic regulation with
considerable attention devoted to public utility regulation. We
will spend some time on social regulation such as job safety,
product safety, and environmental regulations. I will try to
present some discussion of US regulatory institutions.

Evaluation: There will be a final exam and a research paper.
The paper will be completed prior to the end of term so that it
may be discussed during class time. In general I expect and
(hopefully) encourage significant class participation and this
will count towards your grade.

Text and materials: I have decided to go with three inexpensive
textbooks for this year. These are in the bookstore. In
addition, I have provided an extensive reading list which you may
refer to for references on various research topics. If there is
a demand for it, I will have many of the readings copied at cost
to you.

Texts: 1. Natural Monopoly Regulation: principles and practice,
2. The Theory of Public Utility Pricing, Brown and Sibley,
3. The Regulation of Monopoly, Sherman, Cambridge University

Outline and Readings:

1. Economic Regulation
   a) The theory of economic regulation
      Berg & Tschirhart, Chapter 2.
      Sherman, Chapters 1 - 3.
      Chapters 1 and 2.
      G.J. Stigler, "The Theory of Economic Regulation",
      S. Peltzman, "Toward a More General Theory of Regulation",
      F.M. Scherer, Industrial Market Structure and Economic

   b) The theory of public utility pricing
      Brown and Sibley, Chapters 1 - 3
c) Incentives of the regulated firm
Berg and Tschirhart, Chapters 8 - 10.
Sherman, chapters 8 - 9.
Chapters 2 and 3.

d) Deregulation and alternatives to regulation
Berg and Tschirhart, chapters 11 and 12.
Sherman, chapter 3.

2. Social regulation: products, job safety, externalities

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3. Regulatory Institutions

a) The FTC, SEC, FPC, EPA, CPSC, etc

R. Crandall, Controlling Industrial Pollution, Brookings, 1983.
R. Crandall, Controlling Industrial Pollution, Brookings, 1983.

4. Empirical Investigations

a) Empirical studies of naturally occurring data


b) The role of experimental evidence