

**ECON 362 – Regulation of Markets**  
**Prof. Sarah L. Stafford**  
**College of William and Mary, Spring 2022**

Class Meetings: M/W/F, 10:00-10:50                      Class Location: Chancellors 133  
Office Location: Chancellors 317                      Phone: 221-1317  
Office Hours: 11-2 M, 9-11 Thurs. and by appointment   Email: [slstaf@wm.edu](mailto:slstaf@wm.edu)

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**Course Description:** This course provides a survey of how government intervenes to address major market failures with emphasis on regulation of competition, natural monopolies, externalities, and imperfect information. We will examine the reasons why markets fail and the theoretical rationale behind government intervention to correct those failures. We will study the tools the government uses to regulate markets including price and rate regulation, command and control regulation, market-based mechanisms, and incentive regulation. We will also analyze the economic consequences of various forms of regulation. The course will include case studies of a variety of regulated industries including electricity and utilities, telecommunications, and transportation.

**Course Objectives:** At the end of the course students should understand and be able to explain to others the economic rationale for government regulation of markets. Students should also be able to evaluate the likely consequences of a regulation given appropriate information about the regulated industry and the policy in question. Students will be familiar with key types of economic regulations and the ways the regulations work (or fail to work) to increase efficiency. Students will also have an increased understanding of key regulated industries.

**Course Materials:** The textbook for this class is Contemporary Regulatory Policy by Marc Allen Eisner, Jeff Worsham, Evan J. Ringquist, and Franchesca Nestor. Textbook readings will be supplemented with additional readings which will be posted on the course Blackboard website. Reading assignments will be posted on the Blackboard site at least two days before they are due.

**Requirements and Grading:** The formal course requirements include two midterm examinations, a cumulative final examination, and weekly problem sets.

Course Grade Breakdown:	Midterm 1 Exam	25%
	Midterm 2 Exam	25%
	Cumulative Final Exam	40%
	Problem Sets	10%

Exams will be based on the readings and lectures. The first midterm will take place in class on Wednesday, February 23. The second midterm will take place in class on Friday April 1. The final exam will take place on Monday May 9<sup>th</sup> from 2 to 5 pm.

**GradeScope:** I will be using Gradescope for both exams and problem sets. You will need to add this course to your GradeScope account (if you already have one) using the enrollment code **4P3V3R**. If you do not have a GradeScope account, you will need to first set one up using the instructions on the Blackboard Information page.

**Problem Sets:** Each week I will post a problem set on Gradescope by 5pm on Monday. The problem set will cover the concepts introduced in class during the week. You will have until 5pm on

Monday of the following week to turn in the problem set. Problem sets will not be graded, although they will be checked and corrected by me. However, if a problem set is not turned in by the 5pm, you will receive a zero for that problem set. Together, the problem sets are worth 10% of your final grade and there will be approximately ten of them. I encourage you to work together on these problem sets. However, each student must submit an individual solution to the problem set each week and must indicate the names of the other students with whom they worked on the problem set. Please note that it will be difficult to do well on the midterms and the final if you cannot solve the types of problems on the problem set, so make sure that you are an active participant in your problem set group, not a free-rider.

Grade Scope:

**Assistance:** If you need help understanding the concepts in class or completing the problem sets, I have scheduled in-person office hours each week from 11:00 to 12:30 on Monday and 9:00 to 11:00 on Thursday. Unless something out of the ordinary occurs, you can find me in my office during these hours and should feel free to stop by to ask questions without any advance notice. Note that these office hours are also open to other students, so there may be a short wait to see me. You may also schedule a specific time to meet with me via Zoom by sending me an email request.

**Class Conduct:** Please make every effort to be in class on time. For in-class meetings you must wear a face covering – if you do not have one you will not be allowed to remain in class. All cell phones should be silenced and put away during class. If you choose to use a laptop in class, please close all programs other than the program you use to take notes prior to the beginning of class. Email, messaging and other programs interfere with your ability, and the ability of those around you, to focus on the material in class. There is no formal participation grade for this class nor will I be taking attendance in class. However, I do expect all students to regularly come to class having read assignments and prepared for an intelligent discussion on the lecture topic.

**Withdrawing from the Course:** If you want to drop the course without having it appear on your transcript as a course from which you have withdrawn, you must do so by February 4th. If you want to withdraw from the course after that date, a “W” will appear on your transcript, but you can do so unilaterally (i.e., without having to get approval) as long as you do so by March 28th. After that date, you must receive permission to withdraw and can only do so for limited reasons.

**Honor Code:** William & Mary has had an honor code since at least 1779. Academic integrity is at the heart of the university, and we all are responsible for upholding the ideals of honor and integrity. The student-led honor system is responsible for resolving any suspected violations of the Honor Code, and I will report all suspected instances of academic dishonesty to the honor system. The Student Handbook ([www.wm.edu/studenthandbook](http://www.wm.edu/studenthandbook)) includes your responsibilities as a student and the full Code. Your full participation and observance of the Honor Code is expected. To read the Honor Code, see [www.wm.edu/honor](http://www.wm.edu/honor).

**Accommodations:** William & Mary accommodates students with disabilities in accordance with federal laws and university policy. Any student who feels they may need an accommodation based on the impact of a learning, psychiatric, physical, or chronic health diagnosis should contact Student Accessibility Services staff at 757-221-2509 or at [sas@wm.edu](mailto:sas@wm.edu) to determine if accommodations are warranted and to obtain an official letter of accommodation. For more information, please see [www.wm.edu/sas](http://www.wm.edu/sas).

