

The Economics of Regulation (ECON 470)

Tuesdays: 4:30 PM – 7:00 PM

Fridays: 9:00 AM – 11:30 AM

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Course Description & Objectives:

The relationship between government and business has dominated political debates for centuries. Yet many common perceptions about this relationship are either overly simplistic or simply wrong. For example, regulations are rarely universally “anti-business.” More often, regulations harm some businesses but help other businesses. This course offers an introductory yet comprehensive overview of the complex and evolving relationship between individuals, markets, and government in the United States. It draws on the overlapping disciplines of economics, political science, and public policy.

Course Readings:

You are expected to do all of the readings prior to the class in which they will be discussed.

Required Text:

We will be working with a combination of readings throughout the semester. Students should purchase RANDY T. SIMMONS, *BEYOND POLITICS: THE ROOTS OF GOVERNMENT FAILURE* (2011), which will be used throughout the entire course. Additional readings are available via Google, and those that are not will be made available to students.

Course Grading & Structure (assignment details will be reviewed in class):

This is a writing-intensive (WI) course. By definition, WI courses will devote class time to instruction on how to complete assignments successfully, assign and grade a minimum of 3500 words, provide constructive feedback on drafts, and allow revision of at least one graded assignment.

Reaction memos (25%)

These are two-page memos due prior to the start of each class, beginning with Class 2. Students are asked to reflect on the assigned reading or video, and connect that reading or video to something happening in current events. It is best if the students clearly cite to both the reading or video being reflected on as well as the current event they discuss.

Memorandum Assignment (25%)

Memo assignment will be distributed in Class 9 and will be due in Class 16.

Midterm (20%)

This will be administered in class, and will take the place of Class 8. The midterm will be a combination of multiple choice and short answer.

Final Exam (25%)

This will be administered in class, and will take the place of Class 16. The final will be a combination of multiple choice and short answer.

Class Participation (5%)

Pop quizzes and participation in class discussions.

Grading Scale

100-94: A	79-77: C+
93-90: A-	76-73: C
89-87: B+	72-70: C-
86-83: B	69-63: D
82-80: B-	62 or less: F

Disabilities:

If you are a student with a disability and you need academic accommodations, please see one of the instructors and contact the Office of Disability Resources at 703.993.2474. All academic accommodations must be arranged through that office.

Honor Code:

- George Mason University has an Honor Code which requires all members of this community to maintain the highest standards of academic honesty and integrity.
- Cheating, plagiarism, lying, and stealing are all prohibited.
- All violations of the Honor Code will be reported to the Honor Committee.
- See <http://oai.gmu.edu/wp-content/uploads/2015/07/Honor-Code-Final-2015-16.pdf> for more detailed information.

Course Outline

- **Class 1 – Tuesday June 6 – Introduction, When Markets Work, part 1 (Matt Mitchell)**
 - Assignment
 - Trading Game (IN CLASS)
- **Class 2 – Friday June 9 – When Markets Work, part 2 (Matt Mitchell)**
 - Materials
 - Tucker, Nicholas. *I, Pencil: The Movie, Adapted from Leonard Read's 1958 Essay*, 2012. <https://www.youtube.com/watch?v=IYO3tOqDISE>
 - Leeson, Peter T. "Two Cheers for Capitalism?" *Society* 47, no. 3: 227-233 http://www.peterleeson.com/Two_Cheers_for_Capitalism.pdf
 - Assignment
 - 2-Page Reaction Memo
- **Class 3 – Tuesday June 13 – When Markets Work, part 3 (Matt Mitchell)**
 - Materials
 - Hall, Joshua and Robert Lawson. "Economic Freedom of the World: An Accounting of the Literature," *Contemporary Economic Policy* 32, no. 1: 1-19 <http://onlinelibrary.wiley.com/doi/10.1111/coep.12010/epdf>
 - Assignment
 - 2-Page Reaction Memo
- **Class 4 – Friday June 16 – Public Choice and Regulations, part 1 (Chris Koopman)**
 - Materials
 - BEYOND POLITICS, Chapters 3-5
 - Stigler, George J. "The Theory of Economic Regulation." *The Bell Journal of Economics and Management Science* 2, no. 1 (April 1, 1971): 3–21. <http://www.pppe.ufrgs.br/giacomo/arquivos/regulacao2/stigler-1971.pdf>
 - Green, Mark and Ralph Nader. "Economic Regulation vs. Competition: Uncle Sam the Monopoly Man," *The Yale Law Journal* 82, 5 (April 1973): 871-889. (to be passed out in class)
 - Assignment
 - 2-Page Reaction Memo
- **Class 5 – Tuesday June 20 – Public Choice and Regulations, part 2 (Chris Koopman)**
 - Materials
 - BEYOND POLITICS, Chapters 9-11
 - Assignment
 - 2-Page Reaction Memo
- **Class 6 – Friday June 23 – An Introduction to the Regulatory Process (Chris Koopman)**
 - Materials
 - SUSAN DUDLEY & JERRY BRITO, REGULATION: A PRIMER (2016). Read Chapters 3 and 4 (pages 23-55), available at https://www.mercatus.org/system/files/RegulatoryPrimer_DudleyBrito_0.pdf
 - Assignment
 - 2-Page Reaction Memo
- **Class 7 – Tuesday June 27 – Application 4: Unintended Consequences (Chris Koopman)**
 - Materials:
 - Adler, Jonathan. "The Leaky Ark." *The American*, October 5, 2011, <https://www.aei.org/publication/the-leaky-ark/>
 - Thomas, Diana. "Regressive Effects of Regulation." Mercatus Center Working Paper, November 2012 http://mercatus.org/sites/default/files/RegressiveEffects_Thomas_v1-0.pdf
 - Assignment
 - 2-page Reaction Memo
- **Class 8 – Friday June 30 – Midterm**
- **Class 9 – Friday July 7 – The Problem of Faction (Matt Mitchell)**

- Materials
 - Madison, James. "Federalist No. 10." In *The Federalist Papers*, edited by Charles R. Kesler. Signet Classics, 2003. http://thomas.loc.gov/home/histdox/fed_10.html
 - Lessig, Lawrence. "Capitalism's Biggest Enemies: Elites Who Advocate Free-Market Competition" <http://evonomics.com/capitalisms-biggest-enemies-elites-who-advocate-free-market-competition/>
 - Mitchell, Matthew. "The Pathology of Privilege: The Economic Consequences of Government Favoritism" https://www.mercatus.org/system/files/Mitchell_Pathology_web_v3.pdf
- Assignment
 - 2-Page Reaction Memo
 - ***Final Memo Assignment (10 pages) will be distributed***
- **Class 10 – Tuesday July 11 – Application 1: Taxi Regulations and the Sharing Economy (Matt Mitchell)**
 - Materials
 - Michael Farren, Christopher Koopman, and Mitchell, Matthew, "Rethinking Taxi Regulations: The Case for Fundamental Reform," Mercatus Research (Arlington, VA: Mercatus Center at George Mason University, July 19, 2016), https://www.mercatus.org/system/files/Farren_Taxi_FINAL.pdf
 - Assignment
 - 2-Page Reaction Memo
- **Class 11 – Friday July 14 – Application 2: Occupational Licensure (Matt Mitchell)**
 - Materials:
 - "Occupational Licensing: A Framework for Policymakers" (Washington, D.C.: Department of the Treasury Office of Economic Policy, the Council of Economic Advisers, and the Department of Labor, July 2015), https://obamawhitehouse.archives.gov/sites/default/files/docs/licensing_report_final_nonemb_argo.pdf
 - Assignment
 - 2-Page Reaction Memo
 - ***First draft of final memo due***
- **Class 12 – Tuesday July 18 – Application 3.1: Technology and the Future of Regulation (Chris Koopman)**
 - Materials
 - ADAM THIERER, PERMISSIONLESS INNOVATION (2016). Read Preface through Chapter II (pages 1-39), http://permissionlessinnovation.org/wp-content/uploads/2016/03/Thierer_Permissionless_web.pdf
 - Assignment
 - 2-Page Reaction Memo
- **Class 13 – Friday July 21 – Application 3.2: Technology and the Future of Regulation (Chris Koopman)**
 - Materials:
 - ADAM THIERER, PERMISSIONLESS INNOVATION (2016). Read Chapter VI (pages 105-129)
 - Assignment
 - Prepare for in-class debates on topics to be assigned.
- **Class 16 – Tuesday July 25 – FINAL EXAM and FINAL MEMO DUE**