



Universitas Islam Indonesia

**Faculty of Economics**

INTERNATIONAL PROGRAM

**Syllabus**  
**Economics of Regulation**

Course : Economics of Regulation  
Credits : 3

**Description**

Competition is believed to be able to improve society's welfare. Perfect competition is the form of competition that is able to improve society's welfare. Unfortunately, a perfectly competitive market is hard to find. The other form of market competition is monopoly. In contrast to perfectly competitive market, monopoly is believed to be the least effective competition to boost society's welfare. Even though in some ways it reduces welfare, it does not mean that it is needed because natural monopoly is needed in economy. In dealing with monopoly, the government can decide to control the related sector directly or give opportunity to the private parties to manage the sector based on the regulations set by the government. When government decides to regulate the market, it does mean that the government is interrupting the market. In this case, the government act as a referee in the market. Regulation is needed to make sure that market mechanism will benefit the society. There are two types regulation the government can issue to regulate the market. The government can decide to regulate the natural monopoly market or to regulate markets other than natural monopoly market to ensure its efficiency and its function to benefit the society.

**Learning Outcomes**

- The students will be able to understand the concept of macroeconomics theory, microeconomics theory and applied economics to analyse the economic aspect of regulation.
- The students will be able to identify the actual economics problem in relation with competition.
- The students will be able to use the economics theory concept to analyse and solve economic problems especially in regulation and competition.

**Topics**

1. Regulation and market review
2. Introduction to economic regulation
3. Monopoly
4. Natural monopoly
5. State owned enterprises
6. Franchise
7. Economics of network
8. Patent
9. Environmental regulation
10. Case study 1: Regulation on transportation business
11. Case study 2: Internet regulation
12. Case study 3: Telecommunication regulation
13. Case study 4: Regulation on energy sector

## References

- Viscusi, K., Harrington, J. E., & Vernon, J. M. (2005). *Economics of regulation and antitrust* (4<sup>th</sup> ed). Massachusetts: MIT Press.
- Baldwin, R. & Cave, M. (1999). *Understanding regulation: Theory, strategy and practice*. New York: Oxford University Press
- Berg, S., V. & Tschirhart, J. (1988). *Natural monopoly regulation: Principles and practice*. Cambridge: Cambridge University Press.
- Nicholson, W. & Synder, C. (2012). *Microeconomics: Basic principles and extensions* (11<sup>th</sup> ed). South-Western: Cengage Learning.
- Pierce, R. J., & Gellhom, E. (1999). *Regulated industries* (4<sup>th</sup> ed). Boulder: West Group.
- Shy, O. (2001). *Basic microeconomics* (11<sup>th</sup> ed). Cambridge: Cambridge University Press.