

THE UNIVERSITY OF WESTERN ONTARIO

ECONOMICS 288G-001 Microeconomic Policy

Albert Banal-Estanol
Office 4056 SSC
Phone (519) 661-2111 ext. 85363
Office Hours: W 3-4pm & Th 3-4pm
Class Hours: Tu 1-3pm & Th 1-2pm
Class Room: SSC 3108

January 2005
abanales@uwo.ca

Undergraduate Enquiries: (519) 661-3507

Registration

You are responsible for ensuring you are registered in the correct courses. If you are not registered in a course, the Department will not release any of your marks until your registration is corrected. You may check your courses on the Registrar's Office website at www.registrar.uwo.ca (choose "personal timetable"). If you notice a problem, please contact your faculty academic counselor right away.

Prerequisite Note

The prerequisite for this course is Economics 260a/b and the antirequisites are Economics 138F/G, Economics 140E, Economics 319 F/G and the former Economics 180 a.

You are responsible for ensuring that you have successfully completed all course prerequisites, and that you have not taken an antirequisite course. Lack of prerequisites may not be used as a basis for appeal. If you are found to be ineligible for a course, you may be removed from it at any time and you will receive no adjustment to your fees. This decision cannot be appealed.

If you find that you do not have the course prerequisites, it is in your best interest to drop the course well before the end of the add/drop period. Your prompt attention to this matter will not only help protect your academic record, but will ensure that spaces become available for students who require the course in question for graduation.

Website

The website for this course is <http://www.ssc.uwo.ca/economics/undergraduate/288G-001>. Here you will find the course outline, announcements about material, changes in office hours, and other important information.

Examinations:

There will be a 1 hour mid-term test on Thursday February 17th and a 2 hour final examination, to be scheduled by the University. In the determination of the overall final grade, the midterm will have a weight of 20% and the final a weight of 40%. Students must write both exams in order to pass the course.

Assignments:

Students are required to submit an essay (from 2000 to 3000 words) plus a 500 word essay proposal on one of the suggested topics listed below or on any other topic. Students choosing another topic are required to obtain the written approval of the instructor before doing so. The essay proposal should state the topic chosen and list at least some of the issues that will be examined in the essay as well as references that may be used. The essay proposal will have a weight of 5% of the final grade. The proposal must be submitted by Thursday, January 27th. Proposals submitted after this date will receive a grade of zero. The essay itself will have a weight of 35% of the final grade. The essay is due on Thursday, March 24th. Students must submit the essay in order to pass the class.

Content

This course is devoted primarily to the study of government policies directed toward business. Dealing with government policies toward business is a very important activity in the private sector, and implementing such policies is a major function of the public sector. Particular attention will be devoted to the areas of competition policy and regulation.

Textbooks

The main text for this course is:

J. Brander, "Government Policy Toward Business" Third Edition, John Wiley and Sons Canada, Ltd (henceforth **B**).

Additional Texts for the sections on competition policy and regulation are:

Viscusi, W., J. Vernon and J. Harrington, "Economics of Regulation and Antitrust" Third Edition, MIT Press (**VVH**).

M. Motta, "Competition Policy: Theory and Practice", Cambridge (**M**).

Church, J. and R. Ware, "Industrial Organization: A Strategic Approach", McGraw-Hill.

Further readings in these and the other topics will be given throughout the course.

Course Outline

- 1.- The Economic Rationale for Government.
B Chapter 3.
- 2.- Firms and Markets.
B Chapters 6 and 7. VVH Chapters 5 and 6. M Chapters 2 and 3.
- 3.- Competition Policy.
B Chapters 12 and 13. VVH Chapters 3, 7, 8 and 9. M Chapters 4,5,6 and 7.
Review of Industrial Organization 1998, Vol. 13 Issues 1-2. Special issue on
“The Evolution of Competition Law in Canada”.
- 4.- Regulation.
B Chapters 14 and 15. VVH Chapters 10, 11 and 12.
- 5.- Environmental and Natural Resource Policy.
B Chapters 10 and 11. VVH Chapters 18 and 21.
- 6.- Public Enterprise.
B Chapter 16. VVH Chapter 14.
- 7.- International Trade Policy.
B Chapters 8 and 9.

Suggested Essay Topics

Here you can find a preliminary list of suggested topics for the essay. Further topics and more detailed information about them will be provided shortly.

Ontario’s price cap on electricity

Public versus private automobile insurance

Privatization of Ontario’s water and wastewater facilities

Mergers among Canada's five largest banks

Privatization of LCBO

Airline competition in Canada

Canada and the Kyoto Protocol

Limit on the number of taxi cab licenses in Canadian cities

Role for non-profit corporations in the Canadian economy

Use of tolls as a means of reducing highway congestion and financing new construction