

ECO 2023 – PRINCIPLES OF MICROECONOMICS
CHAPTER LEARNING OBJECTIVES

CHAPTER 12
(DE) REGULATION OF BUSINESS

The Micro Economy Today, 11th edition by Bradley R. Schiller

As you read through Chapter 12 of the assigned textbook, use these objectives as a guide for note taking. Yes, I really expect you to read this chapter! Yes, I really expect you to take notes on what you are reading about within this chapter! That's how you LEARN new subject material! Provide an "answer" to each of the learning objectives listed below, and then cross-reference this list with the in-class lecture notes that you've taken on this chapter. Of course there will be some overlap in the coverage of topics! If it's important for you to know after reading this chapter, then it's on the list below. Remember, I use the lecture period to highlight super-important concepts and to relate them to current events. You HAVE TO read along in the textbook if you want to acquire all of the information you will need for testing purposes!

After a careful reading of Chapter 12, the student is expected to be able to:

- (1) Understand the relationship between the competitive process and *laissez faire* policy.
- (2) Define the term *market failure*.
- (3) Define the term *anti-trust*.
- (4) Define the term *regulation*.
- (5) Define the term *natural monopoly*.
- (6) Explain the distinctive characteristic of a natural monopoly.
- (7) Define the term *economies of scale*.
- (8) Be able to identify the unregulated outcome in a natural monopoly market on Figure 12.2.
- (9) Understand the nature of price regulation.
- (10) Be able to identify the price regulated outcome in a natural monopoly market on Figure 12.2.
- (11) Explain why government subsidies are necessary under a price regulation government policy.
- (12) Understand the nature of profit regulation.
- (13) Be able to identify the profit regulated outcome in a natural monopoly market on Figure 12.2.

- (14) Discuss the tendency toward bloated costs under a profit regulation government policy.
- (15) Understand the nature of output regulation.
- (16) Discuss the tendency toward quality deterioration under an output regulation government policy.
- (17) Explain why society has to live with imperfect answers when dealing with this type of government intervention in the marketplace.
- (18) Explain the administrative costs of regulation and be able to cite a few examples of them.
- (19) Explain the compliance costs of regulation and be able to cite a few examples of them.
- (20) Explain the efficiency costs potentially associated with regulation and be able to cite a few examples of them.
- (21) Explain the role of cost-benefit analysis in evaluating the effectiveness of government regulation.
- (22) Discuss the two concerns that prompted the push to deregulate industries in the US.
- (23) Discuss the deregulation of telephone service in America.
- (24) Discuss the deregulation of the airlines in America.
- (25) Discuss the deregulation of the cable television industry in America.
- (26) Discuss the deregulation of the electric utility industry in America, paying special attention to California's mistakes in this process.
- (27) Discuss the idea of deregulating EVERYTHING in America.