

**COURSE DATA****Data Subject**

<b>Code</b>	36150
<b>Name</b>	Public regulation
<b>Cycle</b>	Grade
<b>ECTS Credits</b>	6.0
<b>Academic year</b>	2021 - 2022

**Study (s)**

<b>Degree</b>	<b>Center</b>	<b>Acad. year</b>	<b>Period</b>
1316 - Degree in Economics	Faculty of Economics	4	First term

**Subject-matter**

<b>Degree</b>	<b>Subject-matter</b>	<b>Character</b>
1316 - Degree in Economics	20 - Pathway: public economy	Optional

**Coordination**

<b>Name</b>	<b>Department</b>
FUENMAYOR FERNANDEZ, AMADEO	110 - Applied Economics

**SUMMARY**

Within the Curriculum Degree of Economics this subject can be located within the range of subjects offered by the Unit of Public Economics of the Department of Applied Economics.

In third grade compulsory subjects ECONOMICS OF THE PUBLIC SECTOR I and ECONOMICS OF THE PUBLIC SECTOR II are taught. In the fourth year the program of these subjects has its continuity in a set of optional subjects such as:

SPANISH TAX SYSTEM  
PUBLIC ECONOMIC EVALUATION  
PUBLIC REGULATION  
FISCAL FEDERALISM: REGIONAL AND LOCAL FINANCE

The objective of this course is to address in a comprehensive way the issue of government regulation, so present in our lives as forgotten. To do this, the subject begins with some introductory topics that form the basis of public regulation (Unit 1).

The first and second parts focus on social public regulation. The first part (Units 2 and 3) focuses on the



external effects, while the second part studies the merit goods (Units 4 and 5).

Economic public regulation: The third part (Units 6 and 7) is an analysis of the other major aspect of public regulation. Here the problem of natural monopoly and regulation, as well as some specific areas addressed.

The theoretical part of the course seeks knowledge of the main problems related to public regulation. The practical part, however, aims to develop the ability to search, select and evaluate information.

## PREVIOUS KNOWLEDGE

### Relationship to other subjects of the same degree

There are no specified enrollment restrictions with other subjects of the curriculum.

### Other requirements

For proper development of learning this subject, it is necessary that the student knows the contents analyzed in the materials Public Sector Economics I and Public Sector Economics II.

## COMPETENCES (RD 1393/2007) // LEARNING OUTCOMES (RD 822/2021)

### 1316 - Degree in Economics

- Show critical thinking skills.
- Be able to collect and analyse information.
- Be able to work in a team (including interdisciplinary teams).
- Be able to use ICTs.
- Apply the principles of economic analysis (rational decision) to the diagnosis and resolution of problems.
- Understand the keys to the functioning of market economy, the difference between normative and positive reasoning and between the concepts of equity and efficiency.
- Understand the effects of different market structures on efficiency and equity and the influence of regulatory policies.
- Know and understand the main market failures (public goods and externalities), their private and public solutions and their influence on the environment and natural resources.
- Know the economic measures to reduce income inequality and poverty.



## **LEARNING OUTCOMES (RD 1393/2007) // NO CONTENT (RD 822/2021)**

Having completed this course the student is expected to:

- Ability to understand the complexity of the current regulation and operation, justification and development.
- Ability to design a public response to a problem that may require regulation. A theoretical analysis of the background that can justify the regulation is expected, as well as the design of the most appropriate technique in each case.
- Analysis of the advantages and disadvantages of the establishment or modification of a specific regulatory action, possible alternatives and their consequences.

## **DESCRIPTION OF CONTENTS**

### **1. Public regulation and social welfare**

- 1.1 Concept of public regulation
- 1.2 Forms of public regulation
- 1.3 Measurement and evaluation of public regulation
- 1.4 Economic Rationale of public regulation

### **2. Internalization of externalities. Private and public internalization.**

- 2.1. Introduction: the external effects of market
- 2.2. Concept of the process of internalization of external effects
- 2.3. Alternatives of internalization and regulation
- 2.4. Analysis of the process of private internalization
- 2.5. Techniques or instruments of public internalization
- 2.6. Criteria of evaluation techniques internalization

### **3. Externalities and public regulation of natural environment**

- 3.1. Introduction
- 3.2. The provision of resources
- 3.3. The environmental function of assimilation and storage of waste: pollution
- 3.4. The provision of environmental services. External environmental costs and benefits

### **4. The public provision of merit goods**



- 4.1. Characterization of merit goods
- 4.2. Explaining the gap between fact use and desirable use
- 4.3. Specific cases
- 4.4. Suitable techniques for public intervention

## 5. Economic analysis of drug related activities

- 5.1. Outline for an economic analysis of drug-related activities
- 5.2. Public regulation of therapeutic drugs
- 5.3. Public regulation of the legal non-therapeutic drugs: tobacco and alcohol
- 5.4. Public regulation of illegal drugs
- 5.5. Food Regulation: obesity

## 6. Natural monopoly

- 6.1. Concept of natural monopoly
- 6.2. Some basics
- 6.3. Pricing: different choices

## 7. The regulation of the electricity market

- 7.1. Product Features
- 7.2. The recent regulation of the electricity market
- 7.3. The supply of electricity in Spain

## WORKLOAD

ACTIVITY	Hours	% To be attended
Theory classes	30,00	100
Classroom practices	30,00	100
Development of group work	15,00	0
Development of individual work	15,00	0
Study and independent work	15,00	0
Readings supplementary material	15,00	0
Preparing lectures	30,00	0
<b>TOTAL</b>	<b>150,00</b>	



## TEACHING METHODOLOGY

The different parts of this course are addressed from two perspectives. First, from a theoretical point of view, where the tools necessary for the treatment of various problems are offered. Second, from a practical perspective, applying these tools to specific problems. Therefore, the classes should be complemented with work by the student.

The theoretical module consists of a lectures, that will be evaluated at the time through a test. The practical module is individual and compulsory, and will be based on a set of questions, readings, and other material proposed by the teacher. Each practice must be delivered on schedule. In addition, during the practical classes will be discussed and they will share the questions.

Students may attend the tutorials teacher to resolve any issue related to the class content. These hours will be presented in the notice board of the Department of Applied Economics. Enquiries can also be made via email: Amadeo.Fuenmayor @ uv.es

## EVALUATION

Evaluation of student achievement will be assessed through the work done in the practical sessions, and exams to be held at the end of the semester.

Practical assessments account for 40% of the final grade. In these assessments the teacher will consider the student's presence in the theoretical and practical sessions as well as written responses and oral performances in the practical sessions. At the end of the class period before the exam, the professor will publish a list of marks obtained by each student during class.

The exam will represent the remaining 60% of the final grade, and will include questions about the contents of the units covered in the theoretical and practical classes. However, to take account of this note, a minimum score is required in the exam (4). If a student has a lower mark, the note of examination and assessment practices will also be added, but with a maximum of 4.5.

If a student does not attend theoretical and practical sessions, only the exam will be taken into account, there being no alternative work to redress the lack of rating practices. By their very nature, practical sessions are considered non-recoverable. The grade obtained at the end of the course will be applied both in the first and in the second call.

## REFERENCES

### Basic

- BAUMOL, William J.; John C. PANZAR y Robert D. WILLIG (1988): Contestable Markets and the Theory of Industry Structure (revised edition)  
LASHERAS, M.A: La regulación económica de los servicios públicos. Barcelona: Ariel, 1999.  
PEARCE, D.P. y TURNER, R.K.: Economía de los recursos naturales del medio ambiente. Madrid: Celeste Ediciones, 1995.





VISCUSI, W. Kip; John M. VERNON y Joseph W. HARRINGTON, Jr. (2005: Economics of Regulation and Antitrust (4<sup>a</sup> ed.), Cambridge: MIT.

## **ADDENDUM COVID-19**

**This addendum will only be activated if the health situation requires so and with the prior agreement of the Governing Council**

As Regulación Pública is an optional subject of the last year, a single theoretical group is usually enabled, which coincides with the practical one. In this way the sessions combine both aspects. For this reason, the teaching model adopted is governed by full and compulsory attendance. The non-attendance scenario is only foreseen as an exception in the event of possible cases of population confinement or others that make class attendance impossible, provided they are decreed by the competent authorities. In the event of these non-attendance assumptions, the different options available to the University of Valencia will be used to teach online, and the evaluation system and the weight applicable to the different evaluable sections may also be modified.