

Of Regulation and Economics by F. L. Kiss

Regulatory Economics is applied Economics. It is the result of applying the entirety of various schools of economic thought to a series of economic difficulties, which have plagued modern capitalist societies during the last 120-150 years.

This informal 45-minute talk deals with the theory and methods of Regulatory Economics, as well as with the institutional and procedural characteristics of various historical and current regulatory establishments. The information that is conveyed to the audience is of introductory nature. Questions like the following will be answered: What is regulation? Why regulate? Who regulates whom? What are the methods of regulation? It will be revealed that “economic regulation” is applied to certain types of markets (such as monopolies or imperfect competition) that are prone to exhibit certain types of market failures (such as high costs and prices, restricted output, quality deterioration). A brief account of the 120-year history of regulation will be accompanied by descriptions and critical analyses of the various regulatory “regimes” that have existed through history. Finally, a brief look at possible future developments will be shared with the audience.