The course offers a detailed and critical examination of deregulation and continuing regulatory problems in three areas of the U.S. economy: financial services (e.g., banks, S&Ls), telecommunications, and cable television. Students will be required to study materials from the selected books, a bulk pack, and other related materials. Classes will emphasize discussion and individual students will be asked to lead some to the sessions.


A bulkpack is required, and is available from Wharton Reprographics.

**Required assignments:**

- Midterm examination: 20% of grade
- Final examination: 30% of grade
- Class participation: 15% of grade

Summaries & Analyses: many of the class assignments include one reading for which you are required to hand in a **one-page summary and analysis**. This reading is marked "S&A" in the syllabus. The format of this S&A is:

Your name: Date & Class:

Name of Reading:

Topic/ Problem Addressed by Reading: (2-3 sentences)

Summary of Conclusions and Results: (1 short paragraph)
Your analysis and critique of the Topic/ Problem and the author's conclusions: focus on lessons for management (1 long paragraph). What I want to see here is the value that you can add, over and above that of the author.

Under no circumstances is this document to exceed one page, and late assignments are not accepted. If you are unable to make class on the date the assignment is due, you may have a friend hand it in, either in class or in my office, you may fax it to me, or you may send it by e-mail. Joint work is not acceptable. The purpose of this exercise is for you to demonstrate your competence in (i) the use of the concepts of the course; (ii) reasoned analysis and critique, expressed in succinct business prose; and (iii) most important, your ability to add value take the analysis further and deeper, add your own insights, relate it to knowledge from your personal experience or other classes, etc. These assignments will be graded as follows:

+ = great job; you contributed excellent insights

✓ = you understood the assignment and reported it accurately

- = you missed the point of the assignment.

Collectively, these “S&A“ assignments count for 35% of your grade.
### I. The Political Economy of Regulation: Theory

**Sept. 7**

**The Economic Rationale for Regulation**
Breyer, “Typical Justifications for Regulation” (1982; from *Regulation and Its Reform*)

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**Sept. 12**

**The Political Economy of Regulation**

### II. Banking

**Sept. 14**

**Background Issues; Genesis of Regulation**
The Future of Banking Chs. 1, 2, and 3.

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**Sept. 19**

**Industry Changes and Regulatory Reform: Processes and Consequences**

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**Sept. 21**

**Deposit Insurance, Safety and Soundness, and the S&L Debacle**
The Future of Banking Ch. 5.

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**Sept. 26**

**...And Yet Another Attempt at Reform!**
The Future of Banking Ch. 4.

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**Sept. 28**

**What’s Next In Banking?**

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**Oct. 3**

**The Politics of Financial Institution Reform** A Class Simulation

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**Oct. 5**

**What Does It All Mean?**
A Class Discussion: Financial Services, Regulation, and the Global Market
III. Telecommunications...For Now

Oct. 10  The Evolution of the Industry I  

Oct. 12  The Evolution of the Industry II  

Oct. 17  Fall Break

Oct. 19  The Antitrust Case  
Bell, “The Decision to Divest: Incredible or Inevitable? (1985)  
Phillips, “Humpty Dumpty Had a Great Fall” (1986)  

Oct. 24  The MFJ: Still the Right Answer?  
Dennis, “Modifying the Modified Final Judgment -- Removing the Barnacles” (1987)

Oct. 26  Post-Divestiture Regulation  

Oct. 31  Telecoms Policy: US and Japan  

Nov. 2  CONRAIL: Regulation to Competition and How It Happened  
Constance Abrams, General Counsel, CONRAIL

Nov. 7  Midterm Exam

IV. Cable Television...For Now

Nov. 9  The Evolution of the Industry  
Nov. 14  **Cable, Broadcast, and the 1984 Cable Act**  
Broadcast Television in a Multichannel Marketplace Setzer and Levy  

Nov. 16  **Cable After Deregulation**  
The Cable Colossus Washington Post (1992)  

Nov. 21  **Cable Gets Re-Regulated**  
Rubinovitz, “Market Power and Price Increases for Basic Cable Since Deregulation” (1993)  
Hazlett, “Cable TV Re-Regulation: The Episodes You Didn’t See on C-Span” (1993) S&A  

### V. The I-Way

Nov. 23  **Thanksgiving**

Nov. 28  **Whither the Local Monopoly?**  
“End of the Line” The Economist (1993)

Nov. 30  **“I Don’t Know What It Is, But It’s Time Has Come”**  

Dec. 4  **Public Policy and the Infobahn**  
“Perspectives on the U.S. ‘Agenda for Action’ and Infrastructure Developments,” Telecommunications, 1994  
“Damn the Consumers -- Full Speed Ahead,” Vital Speeches of the Day 1994

Dec. 6  **Course Review**  
A Class Discussion: Regulation, Public Policy, and the Electronic Future  
**Take-Home Final Exam to be Handed Out**
**Bulkpack Table of Contents**

1. Breyer, “Typical Justifications for Regulation” (1982; from *Regulation and Its Reform*)


17. Dennis, “Modifying the Modified Final Judgment -- Removing the Barnacles” (1987)


23. The Cable Colossus Washington Post (1992)


25. Rubinovitz, “Market Power and Price Increases for Basic Cable Since Deregulation” (1993)


