

CHAPTER OVERVIEW

22: The Economics of Financial Regulation

Learning Objectives

By the end of this chapter, students should be able to:

- Explain why the government can't simply legislate bad things out of existence.
- Describe the public interest and private interest models of government and explain why they are important.
- Explain how asymmetric information interferes with regulatory efforts.
- Describe how government regulators exacerbated the Great Depression.
- Describe how government regulators made the Savings and Loan Crisis worse.
- Assess recent regulatory reforms in the United States and both Basel accords.

[22.1: Market Failures and Public Choice](#)

[22.2: The Great Depression as Regulatory Failure](#)

[22.3: The Savings and Loan Regulatory Debacle](#)

[22.4: Better but Still Not Good- U.S. Regulatory Reforms](#)

[22.5: Basel II, Basel III, and Dodd-Frank](#)

[22.6: Suggested Reading](#)

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