Regulation History as Politics or Markets

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Abstract

Introduction: The S-P-P and Neoclassical Models of Regulation
This interesting group of essays explores the history of American regulatory policy in an assortment of markets. The editors introduce their collection as "an effort to better understand the historical development of government intervention." Although some authors represented in the collection are more explicit than others, most accept some version of the Stigler-Posner-Peltzman (S-P-P) model of regulation, which views political bargaining among rent-seeking special interest groups as the best explanation of regulatory outcomes. While this interest group model is often powerful, it is hardly the only model for explaining regulation. Most of the regulation described in these essays can be fully accounted for by neoclassical economics, whose regulatory theory looks at the characteristics of the economic market to which regulation is applied, rather than the political market in which the decision to regulate is made.

Recommended Citation
Herbert Hovenkamp, Regulation History as Politics or Markets, 12 YALE J. ON REG. (1995).
Available at: https://digitalcommons.law.yale.edu/yjreg/vol12/iss2/7