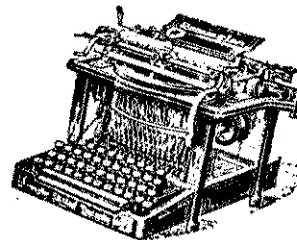
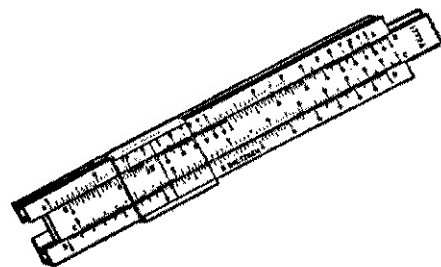
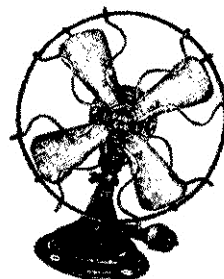
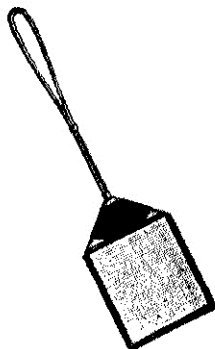
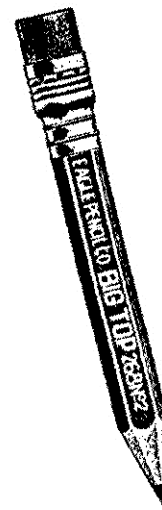
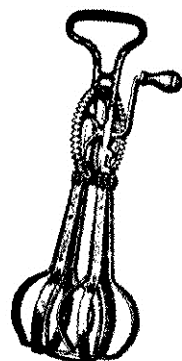


Régulation interdépendante et régulation de l'interdépendance



If
it works
it's obsolete.

Marshall McLuhan
1911-1980



Régulation interdépendante et régulation de l'interdépendance

HOW
MANY
COMPANIES
TO MAKE A
GOOD
MARKET ?



Market structure

Thinking
outside
the box



Régulation interdépendante et régulation de l'interdépendance

"The creation of new markets is frequently complicated and sometimes even thwarted by ideological enmity, political resistance, fear of uncertainty, or mere ignorance.

(...) the creation of markets is always a social enterprise. It requires the collective actions of many individuals, organizations, and government agents. As in all collective efforts, human relations matter. The market does not and cannot reduce flesh and blood people with distinct identities into machine-like atomistic agents. Market participants certainly calculate and reason; but they remain social animals. The operation of the market also requires complicated rules and structures, which in turn requires concerted efforts and planning. Rules and norms are frequently needed. Many such rules and norms are self-enforced. But the state is often involved in enacting and providing credible third-party enforcement."

Ronald Coase

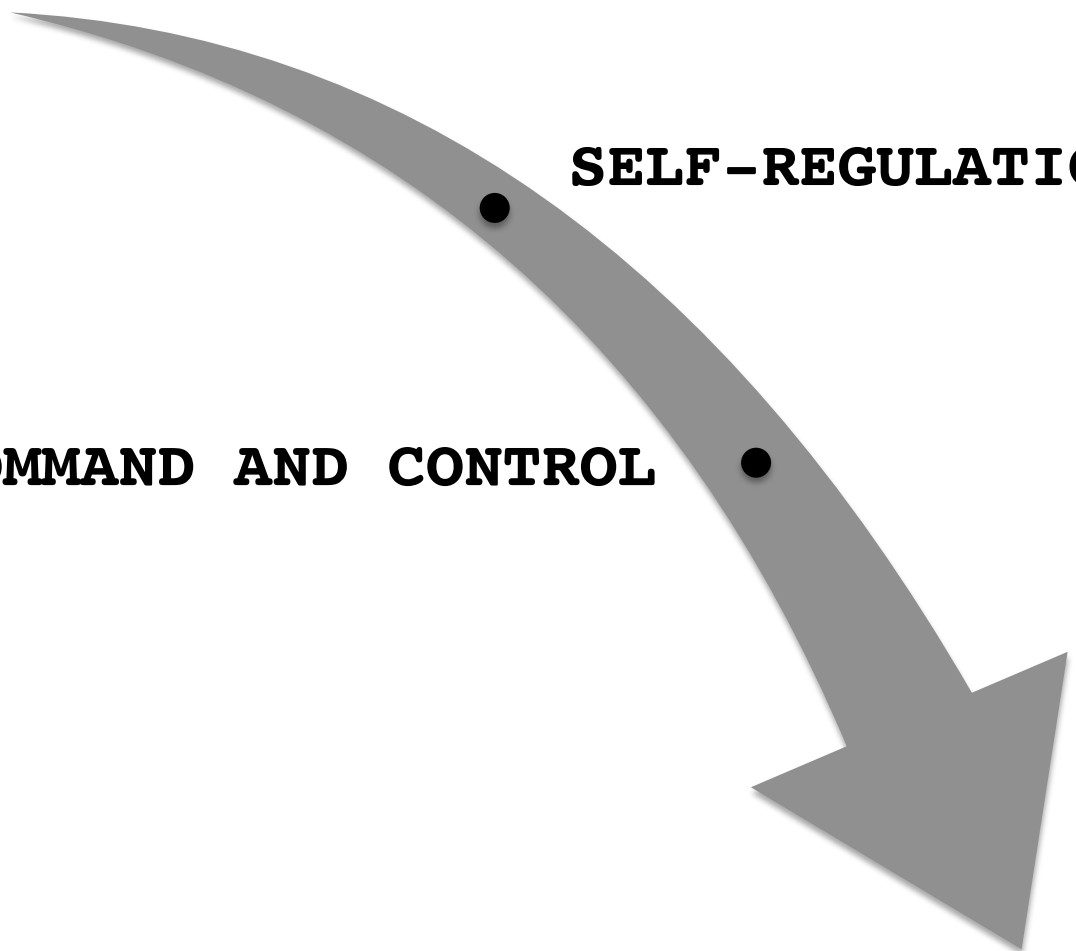
In Foreword to Richard L. Sandor "Good Derivatives", John Wiley and Sons, 2012

NO REGULATION

SELF-REGULATION

COMMAND AND CONTROL

**INDEPENDENT
REGULATION**



NO REGULATION ?



SELF-REGULATION ?

The New York Times

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NEW YORK, FRIDAY, OCTOBER 24, 2008



"I made a mistake in presuming that the self-interests of organizations, specifically banks and others, were such as that they were best capable of protecting their own shareholders and their equity in the firms."

Greenspan Concedes Error on Regulation

Looking Back in Disbelief

Twisting back a 1-hour conversation about three years after stepping down as chairman of the Federal Reserve, Alan Greenspan admitted that he had underestimated the self-interest of firms and had failed to anticipate the self-destructive power of excessive mortgage lending, leaving himself "in a state of shocked disbelief." Page B1.

will overstate power of free markets and had failed to anticipate the self-destructive power of excessive mortgage lending, leaving himself "in a state of shocked disbelief." Page B1.

COMMAND AND CONTROL ?



1st GAS CRISIS JANUARY 2006

INDEPENDENT REGULATION

THE REPORTS OF
MY DEATH HAVE
BEEN GREATLY
EXAGGERATED.

<http://www.quote-coyote.com/quotes/authors/t/mark-twain/12/>

Régulation interdépendante et régulation de l'interdépendance

"(...) The first consideration to be kept in mind is that the power should be affirmative and should be given to some administrative body created by the Congress. (...)

I do not believe in the government interfering with private business more than is necessary. I do not believe in the government undertaking any work which can with propriety be left in private hands. But neither do I believe in the government flinching from overseeing any work when it becomes evident that abuses are sure to obtain therein unless there is government supervision. (...)

I regard this power to establish a maximum rate as being essential to any scheme of real reform in the matter of railway regulation. "

President Theodore Roosevelt to Congress, December 5, 1905

"(...) It is because, in my judgement, public ownership of railroads is highly undesirable and would probably in this country entail far-reaching disaster, that I wish to see such supervision and regulation of them in the interest of the public as will make it evident that there is no need for public ownership. "

President Theodore Roosevelt to Congress, December 5, 1905

Régulation interdépendante et régulation de l'interdépendance

"The opponents of government regulation dwell upon the difficulties to be encountered and the intricate and involved nature of the problem. Their contention is true. It is a complicated and delicate problem, and all kinds of difficulties are sure to arise in connection with any plan of solution, while no plan will bring all the benefits hoped for by its more optimistic adherents. Moreover, under any healthy plan the benefits will develop gradually and not rapidly.

Finally, we must clearly understand that the public servants who are to do this particularly responsible and delicate work must themselves be of the highest type both as regards integrity and efficiency. They must be well paid, for otherwise able men cannot in the long run be secured; and they must possess a lofty probity which will revolt as quickly at the thought of pandering to any gust of popular prejudice against rich man as at the thought of anything even remotely resembling subserviency to rich men."

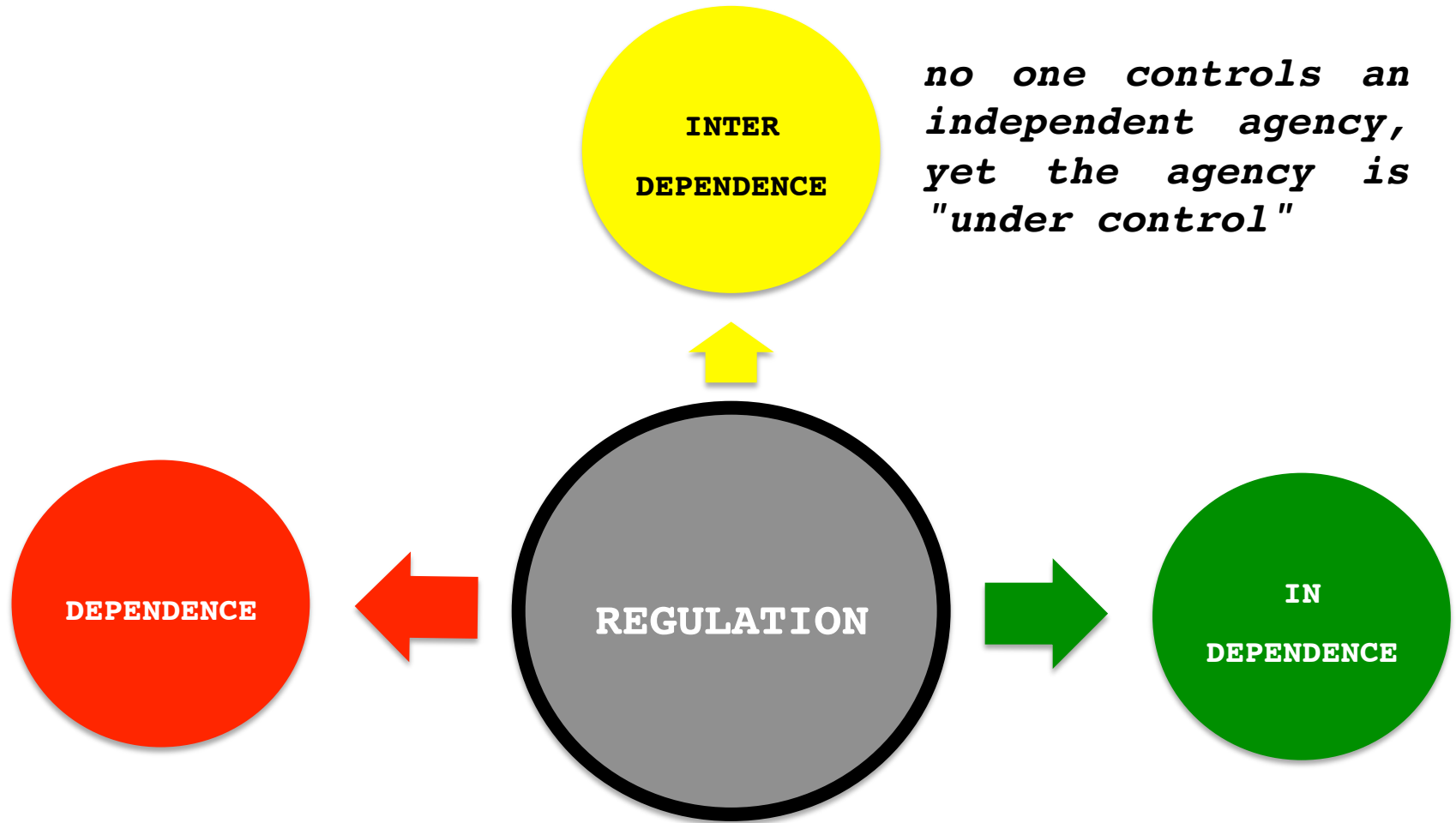
But while I fully admit the difficulties in the way, I do not for a moment admit that these difficulties warrant us in stopping in our effort to secure a wise and just system. (...)"

President Theodore Roosevelt to Congress, December 5, 1905

2

INDEPENDENCE AND INTERDEPENDENCE

Régulation interdépendante et régulation de l'interdépendance



we conclude that politically independent expert agencies can be monitored and kept politically accountable only by a combination of control instruments: clear and narrowly defined objectives; strict procedural requirements; judicial review; professionalism and peer review; transparency; public participation. (...) The record shows that when such a multi-pronged system of controls works properly, no one controls an independent agency, yet the agency is "under control"

Giandomenico Majone

Temporal Consistency and Policy Credibility: Why Democracies Need Non-Majoritarian Institutions
European University Institute, Working Paper RSC No 96/57, 1996

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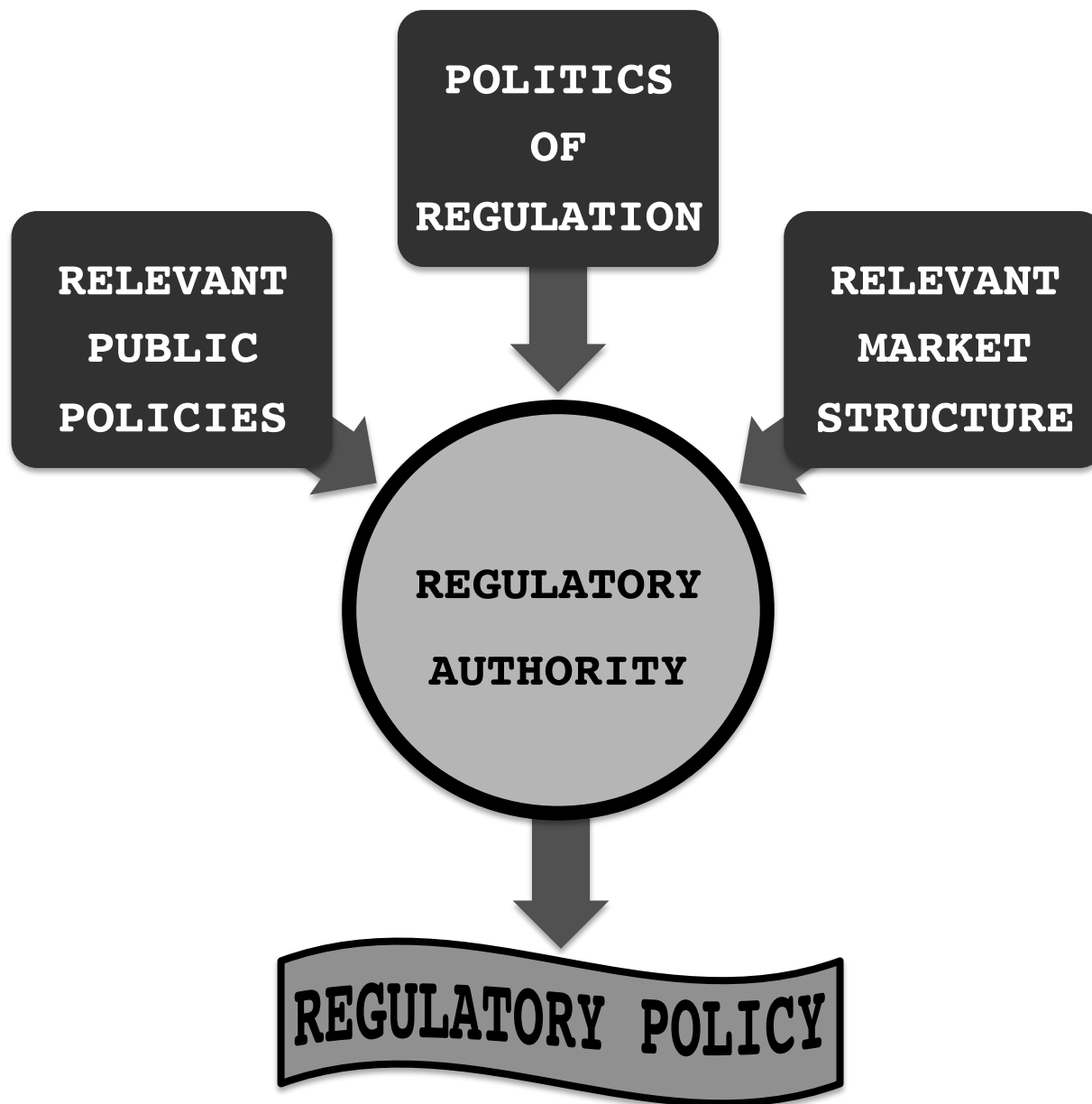
INTERDEPENDENT REGULATION

- Regulatory policies and the politics of regulation
- Regulatory impacts
- Participation in the regulatory process

European Review of Energy Markets - volume 3, issue 3, October 2009
Energy regulation in Europe: regulatory policies and politics of regulation
Jorge Vasconcelos

1. Introduction

Regulation is a “technical” activity, i.e. it is “*marked by (...) specialization*” and “*relating to a practical subject organized on scientific principles*”¹. So has been and so is energy regulation. Back in 1930, following the 1929 financial crash, reinforcement of the powers of the US Federal Power Commission (which had been established in 1920 and is the predecessor of the present Federal Energy Regulatory Commission - FERC) was justified in the following terms: “*there are some problems of their very nature so technical that neither the courts nor the legislatures are competent to handle them – problems such as utility rate making – that require specialized knowledge by trained experts*”².



Régulation interdépendante et régulation de l'interdépendance

Regulation is more than a succession of unrelated technical decisions: to be predictable and successful, regulation needs a coherent strategy, i.e., a clear "regulatory policy".

Any "regulatory policy" reflects the way regulators apply their knowledge and expertise taking into account not only the general "politics of regulation" but also all relevant sector specific policies. Therefore, the performance of regulators depends not only on the quality of their "specialized knowledge", but also on their ability to conveniently and timely interpret public policies, translating them into an appropriate and transparent "regulatory policy".