## INDICE

Acknowledgements	vii
List of abbreviations	ix
List of tables	Хİ
List of figures	xiii
List of boxes	XV
1. The costs and benefits of regulation: the call for regulatory	
reform	1
Regulation: definition, rationale, and problems	2
The costs and benefits of regulation	5
Assessing the gains from regulatory reform	9
Regulation as an instrument delaying the introduction of new products	13
Developing countries	20
summary	25
Notes	29
2. The regulation of utilities	
The case for the regulation of utilities	31
Regulation and commitment: contractual problems between firms and the	
government	33
Regulation and market power: contractual problem between firms and	
customers	
Regulation and cross-subsidies. Contractual problems between interest	34
groups and the government	
Notes	39
3. Creating the basic engineering of regulation	41
The choice of basic regulatory instruments	42
Institutional structures and judicial control over the executive	48
A "model" of effective autonomous regulatory institutions	49
The structure of a regulatory institution	51
Appendix	56
Notes	57
4. Basic engineering experiences in Latin America	
The use of contracts Jamaica, Bolivia, Chile, Peru, and Mexico	59
The use of specification legislation in Chile, Argentina, and Bolivia	62
The use of presidential decrees in Argentina, Ecuador,. And Venezuela	64
The use of administrative procedures in Jamaica	65
Notes	67
5. Creating the detail engineering of regulation: price-setting	
policies	69
The relation between detail and basic engineering	70
Price-Setting policies	71
The united kingdom price-cap system	76
Analysis of rate-of-return and price-cap regulation	82
Alternative designs	86
Other regulatory issues affecting price setting	87
Appendix	92
Notes	95
6. Creating the detail engineering of regulation: access terms and	97

pricing in network industries	
Creating competition through interconnection: pricing of access	100
Timetabling establishing optimal delivery schedules	108
Notes	110
7. Detail engineering experiences in Latin American and the Caribbean Rate of return in Jamaica	111
Reform of Chiles telecommunications sector	112
Regulatory pitfalls. Interconnection, access, vertical integration, and competition	122
Benchmark regulation in Chile Price caps in Mexico	126
Price caps in Venezuela	129
Price caps in Argentina	131
Price-setting regulation in Argentina's electrical power sector	134
Appendix	138
Notes	143
8. Franchises and concessions as modes of private sector	173
participation and "alternatives" to regulation  Franchises	145
The specific case of railway franchises	147
Concessions	149
Franchise-concession bidding in Argentina	153
Franchise bidding in Mexico	156
Franchise bidding in Chile	160
Problems in using franchise bidding to allocate the spectrum: the case of Guatemala	161
Concessions in Chile	163
Notes	164
9. The design of concession-type arrangements: competitive provision of goods and services to government by the private sector in developing countries	165
Procurement: sole source and competitive	167
Solutions to the procurement problem	171
Nonstandard procurements	174
The issue of collusion	175
Conclusions Notes	178
10. Privatization restructuring and regulation: actions and sector	181
restructuring prior to privatization	
Conceptual issues of optimal restructuring prior to privatization	182
Methodology	183
Horizontal versus vertical restructuring	185
Limits to integration	187
Transfer pricing	189
Incentives	190
Private sector access	191
Sequencing Minimum investment policies	192

Notes	195
11. Reform and regulation in the power sector	197
Reforms and private participation	199
Regulation and pricing	
Pools	203
Some lessons from power sector reform in England and Wales, Scotland,	
the U.S., Chile, and Norway	205
A case study: Argentina's power sector reforms	209
Reforms of Chiles electricity sector	212
Redefined role of government	220
Pending issues	221
Notes	223
12. New frontiers in regulation in the communications sector: managing and regulating the spectrum	225
Administrative spectrum allocation: Keeping the political rents flowing	226
The welfare cost administrative assignment of spectrum	220
The basic building blocks for a property rights approach to spectrum	228
allocation	220
The international experience with the introduction of spectrum property	
rights	231
Conclusion	201
Notes	234
13. Privatization and regulating the transportation sector: ports,	
railroads, toll roads, and airports	237
Ports	
Railways	242
Roads	255
Potholes on the path to privatizing roads: Mexico's private toll road	
program	256
A case study of transport privatization and regulation: Argentina	260
Airports: issues, options, and case studies	266
Private sector options	268
Notes	
14. Creating the detail engineering of regulation: competition	
policies	275
Competition policies as complements to regulation	277
Structural interventions	283
Competition boundaries	284
Notes	285
15. Competition policy as a complements to regulatory policy:	
competition experience in Latin America	287
Competition law	
Institutional enforcement (Operational structure)	289
Jurisprudence	290
Utility regulation and antitrust reform complementarities. The case of	
Chile	294
Intellectual property	297
Notes	300
16. Conclusion: the challenge of regulation	301

Salient lesson for regulatory design	302
On discussion and renegotiation issues	304
On structural issues	305
On detail regulation	306
Notes	308
Bibliography	309