

- Faculté des sciences économiques
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Economics of Regulation and Antitrust Policy (5ER2010)

Filières concernées	Nombre d'heures	Validation	Crédits ECTS
Master en sciences économiques, orientation politique économique	Cours: 2 ph	écrit: 2 h	3

ph=période hebdomadaire, pg=période globale, j=jour, dj=demi-jour, h=heure, min=minute

Période d'enseignement:

- Semestre Printemps

Equipe enseignante:

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Objectifs:

The objective of this course is to provide students with an overview of the main theoretical issues addressed in the economics of regulation and antitrust. The course also discusses several "real life" applications. There are many domains where state intervention – in the form of regulation or antitrust policy – seems desirable a priori, because there is a market failure. However, State intervention often takes place in an ineffective and inefficient way. This "failure of the State" occurs not only because regulators face many obstacles in their work, but also because their incentives are not necessarily compatible with the achievement of the "social optimum".

Contenu:

Part 1 of the course introduces the main notions of the economics of regulation and antitrust. It briefly reviews the main rationale for State intervention. We will see why State intervention may take place in areas where it is not necessary, and even undesirable. Part 2 provides a thorough analysis of State intervention in the case of natural monopolies. It examines the various instruments – price restrictions, franchises, subsidies – that the State can use to improve the economic efficiency of natural monopolies, and at their limitations. Part 3 will look at State intervention through patents. We will see that patents can have positive but also counterproductive effects on welfare and on innovation. Part 4 examines State intervention in the so-called social regulation. It discusses the rationale but also the limitations of State intervention in three main areas: safety regulation, drugs, labour. Part 5 is dedicated to antitrust policy. It examines several models of imperfect competition. We will see how the authorities can identify restrictions to competition and mitigate their undesirable effects. Part 6 provides an application of the economics of regulation to the banking sector. It examines the various rationales for State intervention in banking. It shows why banking regulation is such a difficult task, because of the complexity of the domain and because of the political forces that are at work.

Forme de l'évaluation:

2-hour written exam.
Second try : 2-hour written exam.

Documentation:

- Tirole, Jean, The Theory of Industrial Organization, MIT Press, 1988.
- Viscusi, Kip, Joseph Harrington and John Vernon, Economics of Regulation and Antitrust, MIT Press, 4th edition, 2005.

Forme de l'enseignement:

2-hour lecture