

**COURSE OF STUDY** Two-years Master in Economics, finance and business

**ACADEMIC YEAR** 2023-2024

**ACADEMIC SUBJECT** Economics of markets and regulation

General information	
Year of the course	2nd year
Academic calendar (starting and ending date)	1st semester (11-09-2023 – 15-12-2023)
Credits (CFU/ETCS):	8
SSD	Economics of markets and regulation SECS-P/03
Language	Italian
Mode of attendance	Voluntary (strongly recommended)

Professor/ Lecturer			
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Virtual room	Microsoft Teams		
Office Hours (and modalities: e.g., by appointment, on line, etc.)	Information available at: <a href="https://www.uniba.it/docenti/vinella-annalisa/attività-didattica">https://www.uniba.it/docenti/vinella-annalisa/attività-didattica</a>		

Work schedule			
Hours			
Total	Lectures	Hands-on (laboratory, workshops, working groups, seminars, field trips)	Out-of-class study hours/ Self-study hours
156	56		144
CFU/ETCS			
8	8		

<b>Learning Objectives</b>	The course aims at providing students with analytical skills useful to understand the economic foundations of the functioning of markets, antitrust policies and regulation of public utilities.
<b>Course prerequisites</b>	<p>As a prerequisite of the course, students should have acquired a good knowledge of Microeconomic theory and Mathematics for economists at an undergraduate level. Students are expected to be familiar with the theory of perfect competition and monopoly. The essential notions in the theory of imperfect competition – particularly, monopoly and oligopoly – will be reviewed during the initial lectures. Elementary notions in game theory are a prerequisite as well. A few teaching hours will be devoted to fill students' gaps in the subject with applications to oligopoly.</p> <p><b>Erasmus students</b> who consider attending classes and sitting in the exam are strongly advised to verify if they do match the requirement and are thus prepared for a fruitful engagement in the course.</p>

<b>Teaching strategies</b>	The course includes: <ul style="list-style-type: none"> <li>• lectures;</li> <li>• tutorials devoted to problem solving;</li> </ul>
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	<ul style="list-style-type: none"> <li>seminars organized to encourage students to participate in discussions on specific topics.</li> </ul> <p>During the lectures, the instructor makes use of the blackboard, especially when dealing with analytical topics. Slides are shown as well. Both lectures and tutorials are meant to enable students to acquire analytical and methodological skills. Students will be encouraged to make use of those skills in a critical manner during the seminars, being required to link theory and practice in the discussions with their peers.</p>
<b>Expected learning outcomes in terms of</b>	
<b>Knowledge and understanding on:</b>	<ul style="list-style-type: none"> <li>Strategic interactions within the most diffused market structures;</li> <li>Main issues in antitrust policy;</li> <li>Natural monopoly;</li> <li>Best known regulatory schemes and applications in public utilities.</li> </ul>
<b>Applying knowledge and understanding on:</b>	<ul style="list-style-type: none"> <li>Formulating sensible hypotheses on the mechanisms underlying market functioning, firms' behavior, and public policies;</li> <li>Difference between (<i>ex-ante</i>) regulation and (<i>ex-post</i>) competition policy;</li> <li>Microeconomic implications of exercise of market power; rationale and effects of diverse regulatory tools (such as sector-specific regulation);</li> <li>Evaluation of the necessity of relying on price regulation in network industries;</li> <li>Activities of independent regulatory authorities;</li> <li>Identification of instances in which public-private partnerships are more suitable than traditional procurement in the presence of information asymmetries on relevant variables.</li> </ul>
<b>Soft skills</b>	<ul style="list-style-type: none"> <li><i>Making informed judgments and choices</i> The knowledge and skills acquired during the course will permit students to autonomously identify and explain various instances of strategic competition, the criteria underpinning competition policies and regulatory schemes, and the associated effects on both firms and consumers.</li> <li><i>Communicating knowledge and understanding</i> At completion of the course, students will have acquired both the ability to approach topics in imperfect competition, antitrust and regulation economics and a good familiarity with the appropriate terminology and language. This should help them read texts, express arguments and discuss issues in their communications concerning the topics aforementioned.</li> <li><i>Capacities to continue learning</i> At completion of the course, students are supposed to be able to use analytical and graphical tools (<i>i.e.</i>, equations, simple functions, indices, Cartesian axes) to go deeper into the comprehension of issues pertaining competition policy and regulation and the discussion of their implications for both firms and consumers. Students will be invited to familiarize with the reading material before attending classes, and encouraged to participate in discussions during both lectures and seminars. This will provide them with an opportunity to develop and/or reinforce their communication skills.</li> </ul>
<b>Syllabus</b>	
<b>Content knowledge</b>	1) ECONOMICS OF MARKETS

	<p>Market structure and market power          Competition and monopoly          Oligopoly and strategic interactions among firms          Collusion and remedies</p> <p>2) ECONOMICS OF REGULATION          Definitions of natural monopoly          Why regulate natural monopolies          Alternative regulatory institutions          Optimal pricing          Incentive regulation</p> <p><i>Specific topic:</i> Public-private partnerships in infrastructure projects</p>
<b>Texts and readings</b>	<p>TEXTBOOKS</p> <ul style="list-style-type: none"> <li>• Decker, C. (2015), <i>Modern Economic Regulation. An Introduction to Theory and Practice</i>, Cambridge University Press, Cambridge (UK)</li> <li>• Viscusi, V.K., J.E. Harrington, Jr. and D.E.M. Sappington (2018), <i>Economics of regulation and antitrust</i>, MIT Press, Cambridge MA (US)</li> </ul> <p>FURTHER/ALTERNATIVE READINGS</p> <ul style="list-style-type: none"> <li>• Joskov, P.L. (2007), <i>Regulation of natural monopoly</i>, in Polinsky, M., and S. Shavell (Eds), <i>Handbook of Law and Economics</i>, Volume 2, Chapter16, Elsevier</li> <li>• Cervigni, G., e M. D'Antoni (2001), <i>Monopolio naturale, concorrenza, regolamentazione</i>, Carocci, Roma</li> </ul> <p>MORE ON INDUSTRIAL ORGANIZATION, GAME THEORY AND COMPETITION POLICY</p> <ul style="list-style-type: none"> <li>• Belleflamme, P., and M. Peitz (2015), <i>Industrial organization. Markets and strategies</i>, Cambridge University Press, 2nd edition</li> <li>• Maschler, M., E. Solan and S. Zamir (2020), <i>Game theory</i>, Cambridge University Press, 2nd edition</li> <li>• Motta, M. (2004), <i>Competition Policy. Theory and Practice</i>, Cambridge University Press, Cambridge</li> <li>• Motta, M., e M. Polo (2005), <i>Antitrust. Economia e politica della concorrenza</i>, Il Mulino, Bologna</li> </ul>
<b>Notes, additional materials</b>	Additional and more detailed information about materials (particularly, with reference to content 3) will be provided by the instructor during the classes.
<b>Repository</b>	Textbooks and other readings can all be found in bookshops and in the library.

Assessment	
Assessment methods	The exam consists in an oral examination on the topics that are included in the syllabus. To facilitate their task, students are warmly advised to regularly attend tutorials and seminars, and go deep into their content thoroughly and systematically.  For students displaying disabilities and/or Specific Learning Disorder (SLD) and officially requiring specific support to sit in the exam, the format is suitably amended according to the University guidelines.
Assessment criteria	Through the oral examination the instructor tests if students have been able to acquire both the knowledge and the analytical and methodological skills they are supposed to learn. In particular, the instructor verifies the extent to which students have attained each of the expected learning outcomes. Their (in)ability to use a proper economic language is taken into account as well. Topics have all an equal weight in the overall evaluation.

Final exam and grading criteria	<p>The final grade is calibrated over a maximum of 30 points. Students receiving at least 18 out of 30 points pass the exam. The maximum amount of points is awarded together with a <i>laudem</i> (30 <i>cum laudem</i>) to students whose exam is judged to be excellent.</p> <p>Grades are assigned according to:</p> <ol style="list-style-type: none"><li>1. their knowledge of the fundamental notions and concepts taught in the course, that are essential for a correct understanding of the basic issues in the subjects;</li><li>2. their ability to use both analytical and graphical tools to address the issues aforementioned.</li></ol> <p>Students' (in)ability to use a proper economic language will be taken into account as well.</p>
<b>Further information</b>	--