Incentives and Regulation

Course title – Intitulé du cours	Incentives and Regulation
Level / Semester – Niveau /semestre	M2 EMO / S2
School – Composante	Ecole d'Economie de Toulouse
Teacher – Enseignant responsable	Andrew Rhodes
Other teacher(s) – Autre(s) enseignant(s)	David Martimort
Other teacher(s) – Autre(s) enseignant(s)	
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Other teacher(s) – Autre(s) enseignant(s)	
Lecture Hours – Volume Horaire CM	30
TA Hours – Volume horaire TD	
TP Hours – Volume horaire TP	
Course Language – Langue du cours	English
TA and/or TP Language – Langue des TD et/ou TP	

Teaching staff contacts – Coordonnées de l'équipe pédagogique :

David Martimort: david.martimort@tse-fr.eu

Andrew Rhodes: andrew.rhodes@tse-fr.eu

Course Objectives – Objectifs du cours :

The course aims to give students a solid background on the fundamental principles of regulation. We will then supplement this by covering more specialised topics such as Public-Private-Partnerships, privacy regulation, and regulation on the use of algorithms.

Prerequisites – Pré requis :

None, though it is advantageous to have taken the M1 regulation course.

Practical information about the sessions – Modalités pratiques de gestion du cours :

Martimort: We will first review the basic principles of incentive regulation (informational asymmetry, contract design, cost-reimbursement rules) and the basic principles that drive the choice of regulatory institutions (regulatory capture, expertise). Starting from there, we will discuss the cost and benefits of privatization in contexts with limited commitment, non-verifiable investment, and political economy considerations. The last part of the course will discuss the role of Public-Private-Partnerships as a hybrid form of privatization.

Rhodes: The first topic will look at advanced topics in the study of mergers, including recent research on whether merger thresholds are too lenient, merger policy in dynamic environments, merger remedies, and digital mergers. The second topic will look at algorithms, including potential harms to competition such as algorithmic collusion, and possible regulatory approaches. The third topic will

look at privacy and data regulation, including possible unintended effects of regulation such as GDPR. Depending on time, a fourth topic will look at regulation when consumers are behavioural and exhibit certain biases such as distorted beliefs about future consumption patterns.

Grading system – Modalités d'évaluation :

Martimort: short presentation and report on a recent paper linked to course topics (papers to choose from will be provided).

Rhodes: short presentation and report on a recent paper linked to course topics (papers to choose from will be provided).

Bibliography/references – Bibliographie/références :

Detailed references will be provided with each lecture.

Session planning – Planification des séances

David Martimort: weeks 1 – 5

Andrew Rhodes: weeks 6 – 10