UNIVERSITÀ
DEGLI STUDI DI MILANO-BICOCCA

SYLLABUS DEL CORSO

Economia dei Servizi

2122-1-F6302N006-F6302N005M

Learning objectives

The course will:

a) offer basic and specialized knowledge on the **Reasons, Instruments and Effects** of public intervention in the economies of contemporary capitalist societies.

b) enable the student to critically evaluate the policies that reduced the aforementioned intervention implemented in various countries in recent years and to analyze the effects of the consequent **elimination or privatization of the activities** previously carried out by the public sector.

c) allow the students to acquire professional skills in the field of planning and management of **public services** that still exist.

Contents

The course is organized in two non separated parts (modules).

The first part is called the Economics of Services. It is dedicated to the study of the theory of regulation of public utility services in conditions of both perfect information and information asymmetry. In the latter case, the study will cover both Bayesian and non-Bayesian models of natural monopoly regulation, single-production or multi-product. The main models of oligopoly will then be reviewed and the most widespread forms of regulation of these markets will be examined. This part will be completed with the analysis of the so-called competition for the market achieved through the application of auction mechanisms. Specific cases, relating to sectors such as electricity, gas, telecommunications, etc, will be considered.

The second part is called Economics of regulatory choices and deals with regulatory activities, carried out by applying the rules to protect competition and the market, carried out through the activity of independent authorities. The historical profile of this form of "intervention" and the main guiding criteria for the protection of consumers and producers followed by the Authorities will be examined. Some cases derived from specific rulings of the European and national Anti Trust Authorities will be subsequently discussed.

Detailed program

L 1 Allocative efficiency I

L 2 Allocative efficiency II

L3 Perfect competition and efficient allocation

L 4 Natural Monopoly I

L 5 Natural Monopoly II

L 6 Multi-product Natural Monopoly

L7 Returns to scale and subadditivity

L8 Prices equal to MC and budget loss

L9 Hotelling's model I

L 10 The Hotelling II model

L 11 Non-distortive financing of the subsidy

L 12 Benefits and limits of FB's pricing

L 13 The SB

L14 prices of SB I

L 15 The distributive correction of SB prices

L 16 Alternative and complementary interpretations of SB prices

L 17 The model of Loeb and Magat

L 18 Bayesian Regulation

L 19 Model RoR I ^

L 20 Model RoR II ^

L 21 Price-chap II ^

L 22 Yardstick competion I ^

L 23 Critical competition at Demzets

L24 Theory of auctions I

L 25 Theory of auctions II

L26 Theory of auctions III

L27 Application Auctions for concessions

L 28 Criticism of auction mechanisms and applications

L 29 Oligopolis and regulation

L 30 Cournot I model

L 31 Cournot II

L32 Counot with N> 2

L 33 Bertrand I

L 34 Bertrand with N> 2

L 35 Social surplus in Oligopoly I

L 36 Public intervention Oligopoly

L 37 Vertical Integration I

L 38 Vertical Integration II

L 39 Alternatives to vertical integration

L 40 Horizontal Castings I

L 41 Efficiency Gains

L 42 Unilateral Effects

L 43 Antitrust cases I

L 44 Antitrust cases II

L 45 Antitrust cases III

L46 Antitrust cases IV

Prerequisites

A basic training in Microeconomics and a more than sufficient knowledge of the theory of competition, equilibrium and efficiency are required. (Reference text example: H. Varian, Intermediate Microeconomics with Calculus, W. W. Norton & Company – 2014).

The knowledge of the fundamental techniques of elementary calculus (functions, limits, derivatives and integrals, with one or more variables) is very useful (and recommended).

Teaching methods

Frontal lessons. Individual and group exercises with correction in the classroom. Preparation of the didactic material (texts and files of various types) on the e-learning page of the course.

Assessment methods

Final written exam (6 questions of which 3 exercises; each question is divided into individual parts). At the end of the first module (about 45 hours of frontal lessons) there will be an intermediate test relating to the program covered up to that moment in class. Passing the mid-term exam (with a grade between 0 and 16; minimum 9) implies a limitation of the content of the final exam to the second part of the course only (always with a grade between 0 and 16; at least 9). The intermediate test is not compulsory. In her absence, the student / student takes the complete test relating to both parts / modules (grade between 0 and 32 = 30 with honors; minimum 18).

Non-attending students cannot access the intermediate test and must take the final complete test.

Textbooks and Reading Materials

First semester

Bruno Bosco, Lezioni di teoria della regolamentazione, Giappichelli, Torino, 2020

C. Decker, Moder Economic Regulation: an introduction to theory and practice, CUP, 2015

Second semester

M. Motta -M. Polo, Antitrust. Economia e politica della concorrenza, Il Mulino, 2005

Handouts on Oligopoly (to be uploaded in due time)

Semester

First and Second

Teaching language

Italian