

## Law and Economics

LM in Economics

Academic year 2016-2017

6 credits



### MODULE Convenor

**Prof. Elisabetta Iossa**

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Elisabetta Iossa is Professor of Economics at the University of Rome 'Tor Vergata', Research Fellow of the Center for Economic Policy Research (CEPR) in London, and IEFE-Bocconi. She studied in Napoli, University of York and Université Libre de Bruxelles, and worked in London at Brunel University for ten years. Her main research interests are in the provision of public services, public procurement and public-private partnerships. On these topics, she has advised many international institutions such as Competition Commission, Financial Service Authority, Office of Fair Trading, International Fund for Agricultural Development and World Bank. Her main publications and further details are available on <https://sites.google.com/site/profelisabettaiossa/>



**Prof. Paolo Buccirossi**

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Paolo Buccirossi is the Director and founder of Lear. Paolo has been working in the field of competition policy since 1994. After five years spent as an economic advisor at the Italian Competition Authority, Paolo set up Lear in 1999. Since then he has advised private clients and public institutions on a wide range of competition issues, including cartels, abuse of dominance, vertical agreements and mergers in a variety of industries, before the European Commission and several national competition authorities. His main publications and further details are available on <http://www.learlab.com/our-people/paolo-buccirossi-lear/>

## PROGRAM

The course focuses on three main topics: the law and economics of antitrust policy; the law and economics of procurement of public services and in particular Public Private Partnerships and the law and economics of corruption.

All the topics will be studied from both a theoretical perspective and an applied one. Microeconomic theory models will be used to explain incentives of firms and politicians. Case studies will allow to understand real world applications.

## OPPORTUNITIES

Selected students interested in these topics will be offered the possibility to undertake a stage ("tirocinio curriculare") at Proxenter, the Center of Research in Procurement and Supply Chain ([www.proxenter.it](http://www.proxenter.it)) and at Lear ([www.learlab.com](http://www.learlab.com)).

## ASSESSMENT

The assessment method combines a written exam (70% weight) and a group project (30% weight), provided the project is submitted within the course deadline.

Students retain the option of being evaluated on the exam only with 100% weight.

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## LECTURES

- **Antitrust law (Buccirossi)**
  - Introduction and objectives of law enforcement agencies
  - Anticompetitive agreements
    - Cartel
    - Other horizontal agreements
    - Vertical agreement
  - Abuse of dominance
    - Exploitative abuses
    - Exclusionary abuses
  - The relationship between market power and efficiency
    - Market power and allocative efficiency
    - Market power and productive efficiency
    - Market power and dynamic efficiency
  - Theories of harm in antitrust cases
    - Softening competition (unilateral effects)
    - Collusion
    - Foreclosure
  - Sanction policy, leniency programs and action for damages

### *Reading*

Motta (2004)

- Ch. 1, pp. 17-38;
- Ch. 2, pp. 39-58 – but not sec. 2.3.5
- Ch. 4, pp. 137-166
- Ch. 7, pp. 411-422; 442-454.

Bailey et al. (2010)

Lear (2006), only chapter 2

Buccirossi and Spagnolo (2007)

### *Website to be consulted*

AGCM ([www.agcm.it](http://www.agcm.it))

DG Competition ([http://ec.europa.eu/competition/index\\_en.html](http://ec.europa.eu/competition/index_en.html))

- **Public Procurement and Public Private Partnerships (Iossa)**
  - Main characteristics of PPPs
  - PPPs vs traditional procurement
  - Risk allocation in PPPs
  - Case studies: London Underground; Prisons; Students accommodations

### *Reading*

Albano et al (2006)

Bennett & Iossa (2006)

Iossa & Martimort (2014)

- **The Economics of Corruption** (Iossa)
  - How to measure corruption
  - The microeconomics of corruption

#### *Reading*

Burguet, Montalvoz and Ganuza (2016) and references therein.

Piga (2011)

#### *Website to be consulted*

OECD Antibribery Convention:

<http://www.oecd.org/corruption/oecdantibriberyconvention.htm>

Transparency International website: <https://www.transparency.org/>

Autorità Nazionale Anticorruzione: <http://www.anticorruzione.it/portal/public/classic/>

### **READING**

- Albano, GL. Calzolari, G. Dini, F., Iossa, E, Spagnolo G. (2006) "Procurement Contracting Strategies". Handbook of Procurement, Capitolo 4, N. Dimitri, G. Piga, and G. Spagnolo, eds., Cambridge University Press. [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=908220](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=908220)
- Bailey, E. M., G. K. Leonard, G. S. Olley, and L. Wu, Merger Screens: Market Share-Based Approaches Versus "Upward Pricing Pressure", *The Antitrust Source*, February 2010,
- Bennett, J. Iossa, E. (2006) "Building and Managing Facilities for Public Services". *The Journal of Public Economics*, vol. 90 (10-11), pp. 2143-2160.
- Buccirosi P. and G. Spagnolo, Optimal Fines in the Era of Whistleblowers. Should Price Fixers still Go to Prison?, V. Goshal and J. Stennek (Eds.) *The Political Economy of Antitrust*, Amsterdam: Elsevier, 2007.
- Burguet, Roberto, Jose G. Montalvoz, Juan-José Ganuza (2016), The microeconomics of corruption. Available in the course material.
- Iossa E., Martimort, D. (2015)\_ "The Simple Micro-economics of Public Private Partnerships". *Journal of Public Economic Theory*. 17 1: Pages 4–48.
- Lear, *The cost of inappropriate interventions/non interventions under Article 82*, A report prepared for the Office of Fair Trading, 2006, **only chapter 2**, available at <http://www.learlab.com/publication/the-cost-of-inappropriate-interventionsnon-interventions-under-article-82/>
- Motta M., *Competition Policy. Theory and Practice*, 2004 Cambridge, Cambridge Univ. Press.
- Piga, G. (2011) "A fighting chance against corruption in public Procurement", in *International Handbook on the Economics of Corruption*, edited by Rose-Ackermann e T Soreide.