MASTER BDEEM | COURSE SYLLABUS

Theory of Regulation

Designing optimal policies under asymmetric information

PROGRAMME	SEMESTER	CREDITS	CONTACT HOURS
Master 2	Semester 1	2 ECTS	21h Lectures

Course Description

Regulation is one of the tools used by governments to control monopolistic behaviour in the provision of public (or partially private) services such as health, electricity, transport, sewerage, or water.

This course offers an overview of the design of regulations when different partners interact in a situation of asymmetric information (adverse selection and moral hazard) and uncertainty. Some useful applications are considered in the fields of insurance, health care provision, procurement, and the regulation of natural monopolies (e.g., by rate of return or by price-cap).

Learning Outcomes

- Understand the consequences of asymmetric information (adverse selection, moral hazard) on markets.
- Determine the optimal regulations to deploy in situations of market uncertainty.
- Understand policies for regulating monopolistic behaviours in the provision of services (e.g., water supply, gas, transport).
- Analyze the trade-offs involved in regulating healthcare systems, including demand and supply components.

Indicative Content

1. **Fundamentals of Regulation**: Government control of monopolistic behaviour in public services.
2. **Asymmetric Information**: Analyzing adverse selection, moral hazard, and uncertainty.
3. **Natural Monopolies**: Exploring regulatory mechanisms such as rate of return and price-cap.
4. **Healthcare Regulation**: Understanding trade-offs in regulating healthcare demand and supply.
5. **Applied Policy Design**: Analyzing applications in insurance, procurement, and public utilities.

Teaching & Learning Approach

The course is structured around theoretical lectures integrated with applied discussions on real-world regulatory scenarios, bridging microeconomic theory with public policy design and decision-making.

Assessment

Written Exam and/or Oral Presentations