

## Industry regulation

Course title - Intitulé du cours	Industry regulation
Level / Semester - Niveau /semestre	M2 / S2
School - Composante	Ecole d'Economie de Toulouse
Teacher - Enseignant responsable	JEON DOH-SHIN
Other teacher(s) - Autre(s) enseignant(s)	
Other teacher(s) - Autre(s) enseignant(s)	
Other teacher(s) - Autre(s) enseignant(s)	
Other teacher(s) - Autre(s) enseignant(s)	
Other teacher(s) - Autre(s) enseignant(s)	
Lecture Hours - Volume Horaire CM	30
TA Hours - Volume horaire TD	
TP Hours - Volume horaire TP	0
Course Language - Langue du cours	Anglais
TA and/or TP Language - Langue des TD et/ou TP	Anglais

### **Teaching staff contacts - Coordonnées de l'équipe pédagogique :**

Doh-Shin Jeon: [dohshin.jeon@gmail.com](mailto:dohshin.jeon@gmail.com)

Yassine Lefouili: [yassine.lefouili@tse-fr.eu](mailto:yassine.lefouili@tse-fr.eu)

Estelle Malavolti: [estelle.malavolti@enac.fr](mailto:estelle.malavolti@enac.fr)

Please send an email if you'd like to set up an appointment with one of the instructors.

### **Course's Objectives - Objectifs du cours :**

This course intends to expose students to market regulation in network industries. It deals more specifically with regulation in the telecommunication, payment card, electricity, and air transport industries. The lectures will be based on academic papers as well as real-world regulatory practices.

### **Prerequisites - Pré requis :**

M1-level microeconomics and industrial organization courses.

### **Grading system - Modalités d'évaluation :**

Grading will be based on assignments and/or a final exam. More details will be provided during the first session.

### **Bibliography/references - Bibliographie/références :**

Part 1: Regulation of (two-way) access prices in the telecommunication industry

- Laffont, Rey, P., and Tirole, J. "Network Competition I: Overview and Nondiscriminatory Pricing." RAND Journal of Economics, Vol. 29 (1998a), pp. 1-37.

- Laffont, Rey, P., and Tirole, J. "Network Competition II: Price Discrimination." RAND Journal of Economics, Vol. 29 (1998b), pp. 38-56.
- Laffont, J.J., Marcus, S., Rey P., and Tirole, J. "Internet Interconnection and the Off-Net-Cost Pricing Principle." RAND Journal of Economics, Vol. 34 (2003), pp. 370-390.
- Jeon, D-S., Laffont, J.J., and Tirole, J. "On the 'Receiver-Pays' Principle." RAND Journal of Economics, Vol. 35 (2004), pp.85-110.
- Wright, Julian, "Access Pricing under Competition: An Application to Cellular Networks," Journal of Industrial Economics, Vol. 50 (2002), pp. 289-315.
- Armstrong, Mark and Julian Wright, "Mobile Call Termination" Economic Journal, 2009, Vol. 119: 270-307

Part 2: Regulation of interchange fees in the payment card industry For a non-technical overview, please read the following paper.

- Jean Tirole (2011). "Payment Card Regulation and the Use of Economic Analysis in Antitrust" Competition Policy International, 7(1): 137-158
- Ron Borzekowski, Elizabeth K. Kiser and Shaista Ahmed (2006), "Consumers' use of debit cards: patterns, preferences and price response" Journal of Money, Credit, and Banking
- Rochet, Jean-Charles and Jean Tirole (2002). "Cooperation among Competitors: Some Economics of Payment Card Associations", RAND Journal of Economics, 33: 549-570.
- Rochet, Jean-Charles and Jean Tirole (2011). "Must-Take Cards: Merchant Discounts and Avoided Costs", Journal of the European Economic Association, 9(3): 462-495.
- Marc Rysman and Julian Wright (2014). "The Economics of Payment Cards". Review of Network Economics, 13: 303-353 - Zhu Wang, (2016) "Price Cap Regulation in a Two-Sided Market: Intended and Unintended Consequences", International Journal of Industrial Organization, 45: 28-37

Part 3: Regulation of the electricity industry

Energy policy in the EU: <https://ec.europa.eu/energy/en/home>

Crampes, C. and M. Laffont (2014), "Connection Pricing and Universal Service Obligations in Distribution Networks", Competition and Regulation in Network Industries, 15, 32–58.

Fabra, N. (2018), "A primer on capacity mechanisms", working paper. Green, R. (1996), "Increasing Competition in the British Electricity Spot Market", Journal of Industrial Economics, 44, 205-216.

Léautier, T.O., (2016) Imperfect Markets and Imperfect Regulation: The Microeconomics and Political Economy of Power Markets and Networks.

Llobet, G. and J. Padilla (2018), "Conventional Power Plants in Liberalized Electricity Markets with Renewable Entry," with Jorge Padilla, The Energy Journal, forthcoming.

Part 4: Air transport regulation

4.1. Introduction IATA world air transport statistics ENAC database

4.2. Air traffic regulation

Gillen, Starkie (2015) "Congested Hubs, the EU Slot Regulation and Incentives to Invest", mimeo. ICAO, document 9626, "Manual on the regulation of air transport".

4.3. Airport activity regulation

Starkie, D. (2002), "Airport regulation and Competition", Journal of Air Traffic Management, vol.8 issue 1.

Malavolti, E. (2016), "Single Till vs Dual Till at airports, a two-sided market analysis", Transportation Research Procedia, vol 14.

**Session planning - Planification des séances :**

Part 1: Regulation of (two-way) access prices in the telecommunication industry (Doh-Shin Jeon - 6 hours)

Part 2: Regulation of interchange fees in the payment card industry (Doh-Shin Jeon - 6 hours)

Part 3: Regulation of the electricity industry (Yassine Lefouili - 9 hours)

3.1. Physical and economic characteristics of electricity

3.2. Regulatory issues in the electricity industry

3.3. Capacity mechanisms: theory and practice

Part 4: Air Transport Regulation (Estelle Malavolti - 9 hours)

4.1. Introduction General understanding of the organization of the air transport sector. Presentation of the main characteristics of the sector, the main stakeholders, the industry and the profit.

4.2. Air traffic regulation 4.2.1 Bilateral agreements and open sky agreements 4.2.2. Slots allocation

4.3. Airport activity regulation 4.3.1 Airport business model 4.3.2 Airport regulations