

Economics of the European Regulation



SCHOOL

Faculty of Law, Economics and Business Studies (DEG)



CAMPUS

Saint-Serge



LEVEL

3rd year Bachelor's degree



OPEN TO EXCHANGE STUDENTS

Yes



SEMESTER

Fall (S1)

- > **Degree course:** Economics
- > **Teaching unit:** Fundamental Teaching Block 1: Economic Analysis (TU31C)
- > **Course language:** French with supporting materials in English
- > **Duration (hours):** 20
- > **ECTS:** 3
- > **Teacher(s):** Diana POP

> Assessment:

- Continuous assessment
- Final exam

> Teaching methods:

- Lecture course 20 hours
- Tutorial course hours
- Practical work hours

- Case study
- Project

COURSE DESCRIPTION

This course takes an economic approach to law. The topic of regulation is addressed from both theoretical and empirical perspectives. The rational choice theory provides the framework for understanding why the legal rules (property and/or liability rules) are desirable in order to deal with various market failures, namely public goods, free-rider behavior, externalities and information asymmetries. The concept of social efficiency is enriched by the teachings of Ronald Coase's theory of transaction costs. The economic rationales that justify the regulatory framework at European level (Directives and Regulations) are put into perspective in the context of corporate governance and market finance.

Outline:

Class 1: Economics and regulation

- Rationality and efficiency -- Regulation and market failure

Class 2: The Coase Theorem

Class 3: Corporate governance

- Ownership vs. control structures -- The private benefits of control

Class 4: Theoretical modeling of corporate acquisitions (Grossman & Hart (1980): Experimental classroom game)

Class 5: Empirical analysis of takeover performance (Event Study Methodology)

Class 6: Market Rule vs. Mandatory Bid Rule

Class 7: The fair price standards (Directive 25/2004)

OBJECTIVES

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PREREQUISITES

Microeconomics and Statistics

SELECTIVE BIBLIOGRAPHY

1. Grossman, S. J. and O. D. Hart, 1980. Takeover Bids, the Free-Rider Problem, and the Theory of the Corporation, Bell Journal of Economics, 11, 42-64.
2. Bebchuk Lucian, 1994. Efficient and Inefficient Sales of Control, Quarterly Journal of Economics, pp. 957-992.
3. Betton S., Eckbo E. et Thorburn K., 2008. Corporate Takeovers (Chapter 15) in Handbook of Corporate Finance: Empirical Corporate Finance vol 2.