

# **Legal framework for the digital economy**

## **Course description**

The course aims to provide students with specialized knowledge of some major legal issues raised by digital platforms and digital ecosystems. The crucial role played by personal data in the creation and development of platforms and ecosystems is analyzed through a technical analysis of the tools used to collect them. Experiments are then presented to explain that the role of personal data is not clearly understood by internet users, leading to problems of asymmetric information and potentially unfair practices by platforms. Two major body of regulation, that have been implemented to cope with these issues are analyzed, using both empirical and theoretical law and economics: GDPR and DMA.

At the end of the course, students should be able to (i) master the technical background of the data-driven digital companies, their business models and their specificities – direct and indirect network effects, economies of scale and scope, lock-in effects, self-preferencing strategies, by default installation of apps and stores, role of interoperability – , (ii) detect the economic and legal issues that may emerge from their practices, (iii) critically assess the efficiency of the current body of regulation and (iv) propose new solutions to improve existing regulation.

## **Teaching team**

This 10h course, taught by Pierre Bentata, is part of a double course provided by Paul Belleflamme and Pierre Bentata.

## Syllabus

1. No free lunch; the economics of personal data
  - 1.1. Multi-sided markets and advertising
  - 1.2. From platforms to ecosystems
2. Demand for data privacy and the 'privacy paradox'
  - 2.1. Demand for privacy
  - 2.2. The paradox of privacy: Experiments
3. Regulating platforms: expected benefits and unexpected costs
  - 3.1. Protecting privacy, strengthening oligopolies?
  - 3.2. DMA: regulating gatekeepers, harming users?
4. How can we reconcile conflicting goals?
  - 4.1. Answering the demand for privacy
  - 4.2. Promoting competition

## Readings

- Acquisti A, Taylor CR & Wagman L. (2016), The Economics of Privacy, *Journal of Economic Literature*, 54(2): 442-492.
- Bentata P. (2022), Regulating 'Gatekeepers': predictable 'unintended consequences' of the DMA for users' welfare, *Competition Forum*, 00031.
- Cennamo, C. (2021), Competing in digital markets: a platform-based perspective, *Academy of Management Perspectives*, 35(2): 265-291.
- Baldwin, C. and Woodward, C. (2009), The architecture of platforms: A unified view, in Gawer A (ed.) *Platforms, Markets and Innovation*, 19-44, Cheltenham: Edward Elgar.
- Jamison, M. (2020), Applying Antitrust in Digital Markets: Foundations and Approaches, Boston College Intellectual Property Technology Forum Working Paper.
- Petit, N. (2020), *Big Tech and the Digital Economy: The Monogopoly Scenario*, Oxford University Press.