

21233 - Regulation and Competition Policies

Syllabus Information

Academic Course: 2021/22

Academic Center: 304 - Faculty of Law and Economics
332 - Faculty of Economic and Business Sciences

Study: 3327 - Bachelor's degree in International Business Economics

Subject: 21233 - Regulation and Competition Policies

Credits: 5.0

Course: 3 and 4

Teaching languages:

Theory: Group 1: English

Seminar: Group 101: English

Group 102: English

Teachers: Massimo Motta

Teaching Period: Second Quarter

Presentation

The objective of the course is to introduce the student to the main concepts of modern competition policy. The course will give an overview of the main theoretical foundations and economic models used as well as its policy implications and insights applicable to real life cases.

In the lectures, we will focus on the theoretical principles of competition economics and their policy implications, which will then be complemented by real examples of competition cases decisions. Tutorials will be used to develop problem sets (students are required to solve exercises beforehand, and will be asked to demonstrate how they solved them in class), as well as to the discussion of practical case studies in which students will have to make a reasoned application and analysis of the economic principles and theories developed in the course. All students will be required to actively participate and read the cases ahead of the tutorial. More particularly, for each case there will be two groups of students who will make the initial presentation: after a 5-minute presentation of the main facts of the case (five minutes), one group will have twenty minutes to present the main economic arguments supporting the idea that the conduct at issue is anti-competitive, followed by a twenty-minute presentation by the other group, which will have to explain the main economic arguments in defence of the firm whose behavior is allegedly anti-competitive. After these presentations, there will be a general discussion in which all students will be asked to explain why in their opinion the conduct being discussed should be considered anti-competitive or not. (Keep in mind that the material available for the preparation of these cases will consist of decisions and/or judgments which may also contain sophisticated legal arguments; however, the discussion should focus on economic, not legal aspects.)

Associated skills

- ? Have consolidated habits of self-discipline, self-demand and rigor in the conduct of academic work, its organization and its proper timing.
- ? Be proactive in the desire to know what is ignored, essential in any learning process and in any professional activity with projection.
- ? Be able to apply flexibly and creatively the acquired knowledge and to adapt it to new situations and contexts.
- ? Be able to progress independently and continuously in the training and learning processes
- ? Understand competition policy and its implications in the business environment
- ? Use the appropriate information in the formulation of proposals and problem solving
- ? Apply economic reasoning to decision making
- ? Apply knowledge and procedures relevant to a range of complex situation

Learning outcomes

- Being able to identify a potential liability in a business environment in terms of competition policy
- Being able to advise successfully on the competitive strategy of a given company
- Being able to distinguish between a competitive behavior and abuse of market power

Sustainable Development Goals

SDG 16: Peace, Justice and Strong Institutions

Prerequisites

You will need to solve simple oligopoly models. Previous knowledge of some (basic) game theory and of industrial organization will definitely be an advantage.

Contents

1. Introduction and basic concepts
2. Vertical restraints
3. Exclusive dealing
4. Vertical foreclosure
5. Vertical mergers
6. Excessive pricing
7. Predatory pricing
8. Collusion
9. Horizontal mergers
10. Price discrimination and rebates
11. Tying and bundling

Teaching Methods

Lectures and seminars. In the lectures we shall see simple oligopoly models and applications, as well as economic intuitions. There will be six seminars overall: the first three will be devoted to solving problem sets; the other three seminars will be devoted to case discussions, according to the modalities described above.

Evaluation

The final mark of the course will be calculated as follows:

? 30% of the final mark will be based on the evaluations each student will receive during the seminars. (If a student does not participate, s/he will receive a mark of 0.)

? 70% of the final mark will consist of the mark obtained in the written exam taken at the end of the course.

Please take into account that, according to the University rules, only those students that did the activities of the continuous assessment would be allowed to do the re-take examination.

Bibliography and information resources

Main textbook (which covers all the material developed in the course):

? Motta, M. (2004), *Competition policy: Theory and Practice*. Cambridge University Press

(for those who prefer, there also exist a translation in Spanish, published by the Fondo de Cultura Economica in 2018)

The topics at points 5, 6, 9, 10, 11 all deal with exclusionary practices, and they are analysed in depth (and with reference to more recent theories as well as original research work) in the following book:

? Fumagalli, C., M. Motta, and C. Calcagno (2018), *Exclusionary Practices. The Economics of Monopolisation and Abuse of Dominance*. Cambridge University Press.

Although not textbooks, students may also want to refer to the following two books (the first one summarises some developments in economic theories of competition; the second one discusses EU cases and may be seen as an example of how economic theories may be applied to real case studies):

? Whinston, M. (2006), *Lectures on Antitrust Economics*, MIT Press

? Lyons, B. (2009), *Cases in European Competition Policy: The Economic Analysis*, Cambridge University Press

Articles, reports and guidelines

Relevant additional material, such as papers, legislation and reports will be indicated during the lectures.