

Academic Year: (2023 / 2024)

Review date: 24-05-2023

Department assigned to the subject: Economics Department

Coordinating teacher: SIOTIS , GEORGIOS

Type: Electives ECTS Credits : 6.0

Year : Semester :

REQUIREMENTS (SUBJECTS THAT ARE ASSUMED TO BE KNOWN)

Industrial Organization
Game Theory

OBJECTIVES

Through this course, the student will learn the principles and mechanisms that govern regulatory intervention and antitrust policies. To achieve this objective, the student must acquire knowledge and skills.

With regard to content, at the end of the course the student will be able to:

- Identify market failures and structural characteristics that motivate regulatory intervention.
- Understand the design of regulatory mechanisms.
- Identify the trade-off between maximizing productive efficiency and minimizing income in the presence of asymmetric information.
- Understand the concepts of collusion, collective dominance, and individual dominance position.
- Define the relevant market in order to carry out a competitive analysis.
- Be familiar with the European legal and institutional framework applicable to competition (Art. 81 & 82, Merger regulations, state aid)
- Understand the trade-off between efficiency gains and the creation of market power.

The skills that the student will acquire at the end of the course are of two types: specific capacities and generic skills.

As specific abilities, the student will be able to:

- Analyze sector experiences and propose regulatory solutions to real problems.
- Obtain information on legislation and real cases, both European and national.

As general skills, the student will learn to:

- Solve complex problems from an analytical point of view.
- Search, communicate relevant information in an analysis or decision-making process.
- Apply multidisciplinary knowledge to the resolution of a specific problem.
- Work as a team and distribute the workload to face complex problems.

Regarding attitudes, the student should acquire:

- A critical attitude regarding regulatory intervention and competition policy.
- An attitude of collaboration and teamwork.

DESCRIPTION OF CONTENTS: PROGRAMME

This is a basic introductory course on competition regulation and policy.

The program is divided into two parts:

PART I: REGULATION

- I.1: Introduction: the need for regulation; regulatory instruments.
- I.2: Regulation in the presence of complete information. Regulation of a Natural Monopoly.
- I.3: Regulation in the presence of asymmetric information.
- I.4: Sectorial analysis.

PART II: COMPETITION POLICY

- II.1: Legal framework: conduct control, structure control and state aid.
- II.2: Theoretical models. Incentives for horizontal mergers, equilibrium condition to sustain collusion, incentives for vertical integration (elimination of double marginalization, specific investments), and predation.

II.3: Analysis of real competition cases, both national and European.

LEARNING ACTIVITIES AND METHODOLOGY

The teaching methodology consists of:

- (1) Lectures, where the knowledge that students must acquire will be presented. To facilitate their development, students will have at their disposal the teaching material (slides, texts, and cases on the website of the course).
- (2) Discussion of real cases that the teacher will facilitate at the beginning of each topic. These cases will be related to the teaching material taught as well as the specific skills that the students must develop.
- (3) Classes in computer classrooms where you will learn to search for information, both in databases and in specialized Web pages.
- (4) Resolution of exercises by the student that will help them to self-assess their knowledge and acquire the necessary skills.
- (5) Sharing of the answers to the exercises and joint correction that should serve to consolidate knowledge and develop the ability to analyze and communicate relevant information for problem solving. In addition, the sharing will favor the exchange of critical opinions both between teacher and students and between students.

ASSESSMENT SYSTEM

The (continuous) evaluation will be based on the following three criteria:

- 1. Participation, motivation, effort and evolution of the student throughout the course (10%) in class: Concise interventions that connect with the ideas that have been presented in class and that provide added value to the discussion will be valued. To this end, the teacher will debate both theoretical and practical issues, through articles, press releases, practical cases, etc.
- 2. Three mid-terms to be done in class throughout the course (30%). The three exercises in class will last one hour and will cover all the material seen in each of the three blocks. The questions will have a similar level to the questions of the reduced classes.
- 3. Discussion topics (written or in class) (10%): Group or individual work, where students will be asked to carry out and present a group or individual exercise (for example, a sector analysis or the resolution of a case of competition policy). A fundamental part of this work will be the search for information as well as the ability to analyze and convey in a concise way the fundamental elements of the case or study.

Attendance to small (reduced) classes is compulsory. A high number of absences to the reduced classes will imply that the mark of the continuous evaluation is a zero.

- Final exam:

In the ordinary exam, the final grade will be calculated as 50% of the continuous assessment (participation, presentation / discussion topics, and the three exercises in class) and 50% the final exam grade. Furthermore, if the grade in the final exam (ordinary call) is less than 3.5, the student will be considered to have not passed the course regardless of the grades from the continuous assessment.

In the extraordinary exam, the final grade will be calculated as the most favourable among: (1) 50% of the class grades and 50% of the final exam grade; and (2) 100% of the final exam grade. Additional work or practices to increase the grade of the extraordinary exam will not be accepted

% end-of-term-examination:	50
% of continuous assessment (assignments, laboratory, practicals...):	50

BASIC BIBLIOGRAPHY

- Motta, M. (2003), Competition Policy: Theory and Practice,, Cambridge University Press.
- J. Church y R. Ware Industrial Organisation: A Strategic Approach,, McGraw-Hill , 2000
- Lyons, B. The Economic Analysis Cases in European Competition Policy , Cambridge University Press, 2009
- Viscusi, W. et al. (2005), Economics of Regulation and Antitrust, , MIT Press.

ADDITIONAL BIBLIOGRAPHY

- Buccirossi, P. et al. (2008) , Handbook of Antitrust Economics, , MIT Press
- Joskow, P. (2005) , Regulation of Natural Monopolies, , MIT

- Tirole, J. (1988) , Teoría de la Organización Industrial, , Editorial Alianza
- Whinston, M. (2006) , Lectures on Antitrust Economics,, MIT Press

BASIC ELECTRONIC RESOURCES

- Natalia Fabra . Web Page: <https://sites.google.com/site/regulacionycompetencia/p%C3%A1gina-principal>