



## STUDY PROGRAMME

**ECO, ECO-ELEA**

**Transatlantic affairs**

## ACADEMIC YEAR

**2020-2021**

## SEMESTER

**1**

## COURSE TITLE

**Economics of Competition Policy**

## COURSE PROFESSOR

**Adina CLAICI, David KOVO**

## COURSE ASSISTANT

**Diego VILLAFÁÑEZ SAGARDOY**

## NATURE OF COURSE (COMPULSORY, OPTIONAL)

**Compulsory**

## LANGUAGE OF INSTRUCTION

**English**

## ECTS CREDITS

**4,5**

## 1. COURSE OBJECTIVES

At the end of this course, the student will be able to understand the main concepts related to the economics of European competition policy. The student will be able to explain the concepts of perfect competition, market imperfections, market power as well as to discuss different types of markets (monopoly, oligopoly) and define the relevant market. The student will also learn to explain the economic theory relevant to each area of competition policy, namely collusion, horizontal agreements, vertical restraints, abuses of dominance, and mergers (horizontal unilateral effects, horizontal coordinated effects, vertical mergers and conglomerate mergers). This objective ties in with the learning outcome of students being able to apply economic theory to competition cases in a critical manner.

## 2. LEARNING OUTCOMES

By the end of the course, students should be able to describe, explain and illustrate core economic theory related to competition policy.

The learning outcomes for this course tie in with the following learning outcomes for the European Economic Studies programme:



1. Understand the normative assumptions, implications and limitations of economic theory and economic policy making.
2. Use economic theory to assess current problems and policies.
3. Integrate their knowledge of related disciplines (particularly EU law) into the domain specific knowledge of economics.
4. Use their knowledge of economics, legal principles and political science to analyse problems in law or political science.
5. Think innovatively and provide constructive analytical commentary as well as potential recommendations on the evolution of the EU and its possible future development.
6. Recognise the importance of empirical foundation for knowledge acquisition an evidence-based policies and use quantitative techniques and other empirical methods to evaluate theoretical knowledge.
7. Describe, explain and illustrate the usefulness and limitations of economic theory applied to economic conditions and problems in Europe.
8. Recognise, analyse, explain and critique economic developments and economic policies in Europe.

The course objectives tie in with the following learning out comes of the programme **Transatlantic Affairs**:

- 1.1. The graduate masters the most important theoretical approaches and concepts of, depending on his or her disciplinary focus, Economics, International Relations and Diplomacy Studies, Legal Studies and/or Political Science relevant for the analysis of transatlantic affairs.
- 1.3. The graduate has good knowledge of, depending on his or her disciplinary focus, the political and/or legal systems, the decision-making processes, the economic structures and the main internal and external policies of the European Union and the United States.
- 1.4. The graduate has insights into historical, political, legal and economic aspects of transatlantic affairs as well as into those policy areas that are of essential importance to transatlantic affairs. He or she can use these insights to contextualize and interpret new developments.
- 1.5. The graduate is able to incorporate knowledge and understanding of various fields of transatlantic affairs and of different related disciplines (such as Economics, International Relations, Legal Studies, Political Science) as well as to adopt both a European and a US perspective on transatlantic affairs.
- 2.1. The graduate can approach the field of transatlantic affairs in a broad sense analytically by assessing the challenges in this domain with an open mind for diversity and for complex situations.
- 2.4. The graduate is capable of processing a large amount of information and appropriately analyse relevant sources depending on his or her disciplinary focus within a short period of time and of suggesting possible actions that contribute to problem-solving in a creative way.



2.5. The graduate has the intellectual maturity and skills to take responsibilities and function autonomously in a professional environment at national or international level, and especially in a transatlantic context, and to work efficiently and effectively through planning, organizing, setting priorities, meeting deadlines, cooperating across cultural boundaries and networking.

### 3. COURSE CONTENTS

- Session 1: market power and market definition
- Session 2: abuse of dominance
- Session 3: collusion and horizontal agreements, vertical agreements
- Session 4: innovation and digital markets
- Session 5: horizontal mergers – unilateral effects
- Session 6: horizontal mergers – unilateral effects
- Session 7: horizontal mergers – coordinated effects
- Session 8: non horizontal mergers – vertical and conglomerate

### 4. TEACHING METHOD

Contact hours: 30h.

The course will be taught as a seminar. Active oral participation is essential. Students will be encouraged to discuss in class various ad-hoc issues related to the specific sessions. The students may be asked in advance of the class to prepare short presentations on selected case studies. The purpose is to get acquainted with applying the theory on real cases and focus on the economic arguments when assessing a competition case.

### 5. COURSE MATERIAL

Below there is a list of useful readings. The course outline will indicate the relevant chapters. There is no single textbook for this course. Extensive lecture notes will be distributed at each session. Supplementary recommended reading and recent case studies may be suggested during the course.

- Bishop, S. and Walker, M. (2010) *The Economics of EC Competition Law*, 3rd ed., London: Sweet and Maxwell;
- Massimo Motta (2004) *Competition Policy – Theory and Practice*, Cambridge: Cambridge University Press;
- Niels, G., Jenkins, H. & Kavanagh, J. (2011) *Economics for Competition Lawyers*, Oxford: Oxford University Press;
- Gore, D., Lewis, S., Lofaro, A., and Dethmers, F. (2013), *The Economic Assessment of Mergers under European Competition Law* (Cambridge University Press).

The first reference in the reading list above (i.e. Bishop et al.) represents a good balance between economic theory and its application to competition law. In the book by Motta, the description of economic theory reaches a deeper level. Technical sections in the recommended chapters are not compulsory; however, the book offers a very valuable insight into competition policy. The reference



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by Niels et al. is much less technical but very good in explaining the economic intuition to lawyers especially through examples and cases. The book by Gore et al is a good introduction for all sessions on mergers.

## 6. EVALUATION

The course will be evaluated with an open-book written exam.

Students must answer all questions. The questions will be in the form of practical cases, requiring the students to apply economic theory covered in the course to problems at hand. The grade for the exam constitutes 100% of the course mark.

For students who do not pass the course in this way, there will be an exam in the second session examinations, which according to the Study Regulations counts for 100 % of the final grade.