Antitrust Policy Analysis

Instructor: Prof. Ádám Török (Room: Nador 11)

Department Economics, Central European University
Semester/term, year Spring, 2016
Course level (MA, PhD) MA
# Credits (# ECTS Credits) 2

Pre-requisites (if applicable) Microeconomics. Some basic knowledge of International Economics (trade policy), European Integration and Game Theory may be useful.

Office Hours: Upon appointment or after class.

Course Description: The course introduces the students into the theoretical foundations of antitrust policy (called competition policy in Europe). This will be followed by a detailed explanation of the development of antitrust policy in the United States. The most in-depth part of the course is the analysis of antitrust regulation in the European Union, including a string of detailed case studies. In the last chapter, the relationship between economic transition and antitrust policy will be explored through the examples of Hungary, Poland and China.

This course is an in-depth exercise in an increasingly relevant and popular interdisciplinary field of economics called Law and Economics, with a high degree of relevance for the enterprise world. The study of antitrust policy offers useful insights in the analysis of enterprise behavior (our special focus is on high-tech firms), and helps understand interactions between regulators and firms.

The learning outcomes of the course: Familiarizing the students with the most important elements of antitrust policy, including the main differences between American and European systems. Developing their skills of understanding and assessing antitrust cases is a further important outcome. The course is also an introduction into processes of European integration, more specifically the development of the Single European Market.

Course Requirements
**Assessment:** written test at the end of the course, about 1 to 1.5 hours long. The test consists of three blocks: Block 1 is an essay question, Block 2 includes 4 short questions out of which 3 should be answered, and Block 3 requests a case assessment and solution.

*Grading rules:* Block A: 40% of points available, Block B: 10% of points available for each good answer (if all questions are answered the first three answers count), Block C: 30% of points available. Less than 51% of the total score means FAIL.

C: 51-65%
B: 65-80%
A: 81-100%

The instructor will be present at the exam and will be grading tests immediately.

**COURSE SCHEDULE**

**Sessions 1-2:** The fundamentals of antitrust analysis.
1. Entry barriers.
2. Forms of strategic behavior with respect to market entry and competition.
3. Co-operative and non-cooperative types of behavior.
4. Forms of competition, the problem of market contestability.
5. The concept and measurement of relevant markets.

**Sessions 3-4:** Tools of and limits to competition policy.
6. The SCP-model.
7. The Sosnick Criteria of workable competition.
8. Bork’s approach to the forms of competition.
10. The issue of global competition policy.
11. Linkages between global competition and trade policy – the “second-best solution” (Regional Trade Agreements with Competition Policy clauses).

**Sessions 5-6:** The development of antitrust policy in the United States.
12. The Sherman Act and its relevance for current antitrust regulation.
13. The development and end of “Activism”. Key cases of the Activist approach.
14. The measurement of market power in the U.S. (the SLC concept).
15. The tandem “Per se” and “Rule of reason”. Example: the MS Explorer case.

**Sessions 7-10:** Competition policy in the European Union.
17. The foundations of a common competition policy (the Freiburg School).
18. The three main fields of EU competition policy, their legal framework.
19. Cartel regulation: special rules and groups of cases (e.g. leniency, block exemptions, standards, professional associations).
20. Abuse of dominance. Vertical restraints of competition. The role of innovation in gauging abuses of dominance (the MS Media Player case).
22. Recent developments in EU competition policy. The adoption of some regulatory elements from the U.S. (e.g. in the techniques of assessing market power, SLC vs. SIEC). The “more economic approach”.
23. (depending on availability of time) Basics of the economics and the regulation of State Subsidies.

Sessions 11-12: Competition policy in the transition.

25. The process of creating competition policy legislations and institutions. The impact of European integration on first and second generation competition policies in the CEECs.
26. The case of China. Formal decentralization of competition policy, economic policy interests underlying the creation of novel elements of regulation.

Relevant literature:


