



Sapienza, University of Rome
Faculty of Economics - Department of Economics and Law
CORSO DI LAUREA MAGISTRALE IN ECONOMIA POLITICA

ECONOMICS OF MARKET REGULATION

(3 CFU) - Academic year 2017-2018 (I Semester)

Dr. Luigi DI GAETANO

Mail: luigi.digaetano@uniroma1.it

Class schedule and venue:

Thursday, 14.00-16.00

Office hours: by appointment

Course Objectives

The course aims is to analyse regulatory and antitrust problems with a special focus to practical cases. The course is designed to complete the theoretical economics background regarding economics of market regulation by giving practical insight about regulation and antitrust policies.

The Course is held in coordination with Economics of Market regulation (6CFU, Dr. Paolo Di Caro).

Syllabus (preliminary)

I. Regulation and Antitrust Policies (*ex ante* approach: theory and applications)

Defining market power, horizontal and vertical concerns related to market power

Regulatory schemes: price cap, rate of return, yardstick regulation, horizontal and vertical unbundling.

Horizontal, vertical and conglomerate merger control

Electricity and transport regulation

Merger control in telecommunication industries (EU mobile and fixed telecommunication cases)

Materials: slides

Useful readings:

- W. Kip Viscusi, Joseph E., Jr. Harrington, John M. Vernon, *Economics Of Regulation And Antitrust*, fourth edition, MIT Press (chapters 7, 8, 10, 11, 12, 16)

- Paul Belleflamme, Martin Peitz, *Industrial Organization: Markets and Strategies*, first edition, Cambridge University Press (selected parts of chapters 3-7, chapters 15, 16, 17)
- M. Motta, *Competition Policy. Theory and Practice*, Cambridge University Press, latest edition (chapters: 2, 3, 5, 6).
- Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings. Official Journal C 31, 05.02.2004, p. 5-18.
- Guidelines on the assessment of non-horizontal mergers under the Council Regulation on the control of concentrations between undertakings. Official Journal C 265 of 18/10/2008
- European Commission, decision of 1 September 2016, Case M.7758-*Hutchison 3g Italy/ Wind / Jv*.

II. Regulation and Antitrust Policies (ex post approach: theory and application)

The *ex-ante vs ex-post* approach: inefficiencies in market regulation (principal agent model, regulatory capture)

Dynamic issues in regulation and antitrust: innovative industries

Horizontal unilateral conducts: excessive pricing, exclusionary conducts

Vertical and conglomerate unilateral conducts: market foreclosure, refuse to deal, bundling, predatory pricing, margin squeeze

Patent protection and abuse of dominance: innovation and standardisation and source of market power (European Commission antitrust cases regarding Standard Essential Patents and AGCM Aspen case)

Materials: slides + 1 or 2 seminars with officials from the Italian Antitrust Authority

- W. Kip Viscusi, Joseph E., Jr. Harrington, John M. Vernon, *Economics Of Regulation And Antitrust*, fourth edition, MIT Press (chapters 2, 15, 20, 24)
- Paul Belleflamme, Martin Peitz, *Industrial Organization: Markets and Strategies*, first edition, Cambridge University Press (chapters 11, 18, 19)
- M. Motta, *Competition Policy. Theory and Practice*, Cambridge University Press, 2004, (chapters: 2, 7).
- Shapiro, C. (2001). "Navigating the Patent Thicket: Cross Licenses, Patent Pools, and Standard Setting". *NBER/Innovation Policy and the Economy 1*: 119–150.
- Richard J. Gilbert, "Competition Policy for Intellectual Property" in Paolo Buccirossi (ed.), *Handbook of Antitrust Economics*, The MIT Press.
- John Vickers, "Abuse of Market Power" in Paolo Buccirossi (ed.), *Handbook of Antitrust Economics*, The MIT Press.
- Peter Davis and Eliana Garces, *Quantitative Techniques for Competition and Antitrust Analysis*, Princeton University Press (chapters 6, 10).

Prerequisites

Microeconomics and Public Economics (undergraduate level)

Evaluation

90% of total marks: written exam

10% of total marks: class works