

Dr. Anita Gantner  
Dr. Martin Obradovits

WS 2017/18

Competition Theory and Policy: **Firms, Markets and Competition**  
(*Wettbewerbstheorie und -politik: Firmen, Märkte und Wettbewerb*)

SVWL Wettbewerbstheorie und -politik (Grundlagen) (7,5 ECTS-AP, 4 SSt)

**General Remarks:**

This course consists of a 2-hour-lecture (LV-Nr.: 432070) and a 2-hour proseminar (LV-Nr.: 432071). They are taught jointly by Anita Gantner and Martin Obradovits.

**Prerequisites:**

Successful completion of the compulsory module „Theory of Economic Decisions: Strategic Behavior“ („Theorie ökonomischer Entscheidungen: Strategisches Verhalten“). Willingness to deal with formal models is also required.

**Time and Place:**

Mondays (Gantner) from 12:00 – 13:45 in SR 4 (09.10.2017 - 29.01.2018)

Thursdays (Obradovits) from 14:00 – 15:45 in SR 4 (05.10.2017 - 01.02.2018)

**Requirements for successful completion:**

- Attendance: Regular attendance in class is expected.
- Homework assignments: Several problem sets will be assigned. You should regularly work on these exercises and be ready to present your solution in front of class (at the black/whiteboard).
- Presentation: Case studies on mergers and cartels will be presented by groups of 2-3 students. More information will be given in the first meeting.
  - o Dates for presentation: To be announced (January)
- Written exams: There will be one written exam for the PS and the final exam (“Gesamtprüfung”):
  - o Exam Proseminar: 4.12.2017 from 12-13:45 in SR 4
  - o Exam “Gesamtprüfung”: end of semester according to the schedule of the examination office.

Please keep these dates free from any other obligations. We can offer alternative exam dates only in exceptional circumstances. **Note that both exams will include material covered by both lecturers.**

**Grading for the Proseminar:**

The Exam PS (4.12.2017) accounts for 50% of the grade, presentation of case study for 20%, homework assignments and presentation in class for 30% (see below).

**Homework assignments:**

There will be several assignments of problem sets. You are asked to work on them, which you may do individually or in groups of 2-4 students. They will help you prepare for the exams, and are crucial for mastering the material. In fact, it will be quite difficult to pass the course if you do not work regularly on the problem sets.

We will discuss many of the problems in class. At the beginning of each class, you will be asked to mark (on a sheet we will pass around) which of the problems you worked on for that class. If you mark a problem as “done”, you may be asked to come to the board and show how to solve this problem. If you are able to explain the problems that you present in a satisfactory way, you will earn up to 15% of the total PS grade. Each individual performance will be marked. The remaining 15% of the grade are awarded based on your completion rate of the homework assignments. The more problems you mark as “done” on the sheet, the more points you earn, up to the maximum of 15% of the total grade (which you will receive if you do most of the exercises).

**Registration:**

Registration is via computer.

Registered students who decide to unregister must do so by notifying one of the lecturers no later than Oct 21, 2017. After that date, registrations cannot be cancelled and all students will receive a grade for the course.

**Topics of this course:**

- Review: Basic concepts of microeconomics and game theory: monopoly and oligopoly theory (formal treatment)
- Competition policy: definition, objectives and European legal foundation
- Welfare effects of monopolies: homogenous product and multiproduct monopolies, prevention through market mechanisms, price discrimination
- Market power and its assessment
- Collusion: types and features
- Horizontal and vertical mergers
- Vertical restraints (resale price maintenance, exclusive dealing, etc.)
  - Price competition with product differentiation
- Predatory pricing
- Chain store paradox and strategic investments
- Other selected topics if time permits (competition and innovation, bundling & tying, compatibility, etc.)

**Literature:**

Massimo Motta (2004). Competition Policy: Theory and Practice.  
Cambridge University Press.