

## Economics of Competition and Regulation

### INSTRUCTOR

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### AIM

Regulatory and pro-competitive policies have in recent years become increasingly important in the EU strategy. The achievement of a single market has been fundamental and, in many ways, the centrepiece, from the economic point of view, of the EU. The deregulatory and liberalization processes ongoing in most European countries have been pushed and harmonized by European Directives. On the other side, the EU Institutions (both the EU Commission and the ECB) have repeatedly asserted the centrality of structural reforms for both the viability of the budgetary adjustment and the stability of the Monetary Union.

The course rests on the fundamental concepts in Industrial Economics to examine optimal antitrust and regulatory policies. This theoretical foundations are then used to illustrate the main antitrust tools and to evaluate the structural reforms policies taking place also at EU level. Some recent reforms and organizational innovations in utilities and infrastructure industries will be discussed.

A thorough knowledge of these policies is essential for anyone willing to work within the EU Institutions.

### SYLLABUS

#### 1. Background: Introduction to Industrial Organization

##### Oligopoly, monopoly, competition

- Motta, M. (2004), *Competition Policy*, Cambridge University Press - chapter 8
- Any of the following two books on IO covers the same material:
  - Carlton, D., and J. Perloff (2005), *Modern Industrial Organization*, Pearson
  - Cabral, L. (2000), *Introduction to Industrial Organization*, The MIT Press

#### 2. Competition Policy

##### Competition Policy in the EU

- Motta, M. (2004), *Competition Policy*, Cambridge University Press - chapter 1

##### Market power and welfare

- Motta, M. (2004), *Competition Policy*, Cambridge University Press - chapter 2
  - Note: Advanced Material: (shaded) only sect. 2.3.5.2 and 2.4.3.1

### Market definition

- Motta, M. (2004), *Competition Policy*, Cambridge University Press - chapter 3

### Collusion

- Motta, M. (2004), *Competition Policy*, Cambridge University Press - chapter 4

## **3. Economic Regulation**

### Why regulate utilities. Alternatives to traditional regulation

- Decker, C. (2015), *Modern Economic Regulation. An Introduction to Theory and Practice*, Cambridge University Press, Cambridge - chapters 2 and 3

### Principles of regulation for core network industries. Forms of price regulation. Regulation in the presence of competition.

- Decker, C. (2015), *Modern Economic Regulation. An Introduction to Theory and Practice*, Cambridge University Press, Cambridge - chapters 4 and 5

## **4. Organizational innovation in the delivery of public services**

### Public-private partnerships

- de Bettignies, J.-E., and T.W. Ross (2004), “The Economics of Public-Private Partnerships,” *Canadian Public Policy*, vol. XXX(2), 135-154

### *Further suggested readings*

- Armstrong, M, S. Cowan and J. S. Vickers (1994), *Regulatory Reform. Economic Analysis and British Experience*, The MIT Press
- OECD (2001), *Restructuring Public utilities for competition*, available at: <http://www.oecd.org/dataoecd/6/60/19635977.pdf>
- Iossa, E., and D. Martimort (2015), “The Simple Microeconomics of Public-Private Partnerships,” *Journal of Public Economic Theory*, 17(1), 4-48