Antitrust for the Modern Economy
Spring 2022

Professor Paola Valenti

Course Description

Are Google search practices anticompetitive? Should Facebook be broken up? Does Amazon have too much market power? The course will present the economic rationale for competition policy and provide students with an understanding of the practice of competition law. Through the examination of prominent antitrust actions, we will review the economic theories underlying competition law and we will discuss how competition policy places limits on firm behavior and affects firm strategies and managerial choices.

The course will start with an overview of the institutional framework of competition policy in the U.S. and in the E.U. and with an economic analysis of welfare implications of monopoly power. Then, it will address different types of actions that are the focus of competition policy enforcement: mergers, collusion, other horizontal conduct, and vertical restraints. These actions will be analyzed through the study of well-known antitrust actions in the U.S. and in the E.U. In particular, the course will focus on recent cases in the digital economy.

Prerequisites

Managerial Economics

Readings

The course will draw from various material (lecture notes, case studies, and academic articles), which will be posted on Canvas.


Method of Evaluation

Your performance will be based on class participation (30%), a group project (40%), and a final exam (30%).

Class participation counts for a significant portion of your grade. I will “cold call” you to facilitate class discussion and therefore, I expect that you do the readings in advance and come to class well prepared.
Group project (four students per group): Each group will present a case to the class. Based on public information, two team members will take the position of the enforcement agency bringing the case while the other two will take the position of the companies subject to scrutiny. Each group will (i) give a 45-minute presentation followed by 15 minutes of Q&A; and (ii) submit a 10-page write-up of the case.

Final exam: closed-book exam that will take place during the last day of class. The exam will cover all the material covered during the semester.

Classroom Norms and Expectations

Attendance is mandatory. If you are unable to attend a class, you must email me in advance explaining the reason of your absence.

Laptops, smartphones, and tablets are not permitted in class.

Honor Code

This course will strictly adhere to the academic conduct guidelines discussed in detail at http://www0.gsb.columbia.edu/honor/resources.html.

Columbia Business School’s Honor Code:

As a lifelong member of the Columbia Business School community, I adhere to the principles of truth, integrity, and respect. I will not lie, cheat, steal, or tolerate those who do.

Outline of the Course

I. Competition Law in the U.S. and in the E.U.
   a. U.S. Antitrust Laws
      i. Sherman Act
      ii. Clayton Act
      iii. FTC Act
   b. EU Antitrust Laws
      i. Article 81
      ii. Article 82
   c. The Purpose of Competition Law

Motta, Ch. 1

II. The Economic Rationale for Competition Law
   a. Monopoly
   b. Barriers to entry (Patents, Network Effects, Essential Facility)
   c. Allocative and Productive Efficiency
   d. Dynamic Efficiency (Technical Progress)

Motta, Ch. 2

III. The Chicago School and the New Brandeis School
IV. Market Definition and Assessment of Market Power
   a. The Relevant Market
      i. Product Market
      ii. Geographic Market
      iii. Two-sided Market
   b. Market Power
      i. Indirect Assessment (Market Shares; Concentration; Barriers to Entry)
      ii. Direct Assessment (Quantitative Analysis)
   c. Online Industry
      i. Market Definition
         1. Zero-Price Markets
         2. Multi-side Platforms
      ii. Assessment of Market Power
         1. Entry Barriers: Network Effects; Big Data; Switching Costs

Motta, Ch. 3
Ohio v. American Express (2018)
FTC v. Facebook (ongoing)
DOJ v. Google (ongoing)

V. Mergers
   a. Horizontal Mergers
   b. Vertical Mergers
   c. Anti-competitive v. Pro-competitive Effects
   d. Remedies

Motta, Ch. 5
Coca-Cola and Dr. Pepper (1995)
Oracle and PeopleSoft (2004)
AT&T and T-Mobile (2011)
Sabre and Farelogix (2012)
Facebook and Instagram (2012)
Hertz and Dollar Thrifty (2012)
Bazaarvoice and PowerReviews (2013)
Facebook and Whatsapp (2014)
Office Max and Office Depot (2015)
Staples and Office Depot (1997 and 2016)
Aetna and Humana (2017)
AT&T and Time Warner (2019)
T-Mobile and Sprint (2020)

VI. Concentration of Media Ownership
VII. Collusion
   a. Explicit v. Tacit Collusion
   b. Price Fixing
   c. Reduction of capacity
   d. Market Allocation
   e. Pay for Delay
   f. Group Boycotts and Concerted Refusal to Deal

Motta, Ch. 4
In Re: Lysine Antitrust Litigation (1996)
FTC v. Actavis (2013)
In re: TFT-LCD Antitrust Litigation (2014)
FTC v. 1-800 Contacts (2018)
FTC v. AbbVie (2019)
In Re: Packaged Seafood Products Antitrust Litigation (2019)
In Re: Generic Pharmaceutical Pricing Antitrust Litigation (ongoing)

VIII. Horizontal Practices
   a. Predatory Pricing
   b. Tying
   c. Refusal to Deal
   d. Exclusionary Conduct

Motta, Ch. 7
Aspen Skiing v. Aspen Highlands Skiing (1985)
U.S. v. Microsoft Corp. (2001)
ViaMedia v. Comcast (2016)
FTC v. Qualcomm (2019)

IX. Vertical Restraints
   a. Most Favored Nation Clause
   b. Resale Price Maintenance
   c. Tying
   d. Exclusive Dealing
   e. Territorial Restraints

Motta, Ch. 6
ViaMedia v. Comcast (2020)
## Schedule of Classes

<table>
<thead>
<tr>
<th>Class</th>
<th>Topic</th>
<th>Cases</th>
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<tr>
<td>1</td>
<td>I. Competition Law in the U.S. and in the E.U.</td>
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<td>II. The Economic Rationale for Competition Law</td>
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<td>2</td>
<td>III. The Chicago School and the New Brandeis School</td>
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<td>3</td>
<td>III. Market Definition</td>
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<td>Market Power</td>
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<td>Mkt Def and Mkt Pwr in the Online Industry</td>
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<td>6</td>
<td>IV. Mergers Concentration of Media Ownership</td>
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<td>7</td>
<td>Student Presentation 1</td>
<td><strong>Choose four cases among the following:</strong></td>
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<td>Student Presentation 2</td>
<td>AT&amp;T and T-Mobile (2011)</td>
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<td>Student Presentation 3</td>
<td>Sabre and Farelogix (2012)</td>
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<td>Student Presentation 4</td>
<td>Facebook and Instagram (2012)</td>
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<td>T-Mobile and Sprint (2020)</td>
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<td>V. Collusion</td>
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<td>12</td>
<td>Student Presentation 5</td>
<td><strong>Choose three cases among the following:</strong></td>
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<td>Student Presentation 6</td>
<td>FTC v. Actavis (2013)</td>
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<td>FTC v. 1-800 Contacts (2018)</td>
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<td>In Re: Packaged Seafood Products</td>
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<td>Antitrust Litigation (2019)</td>
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<td>VI. Unilateral Conduct</td>
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<td>Student Presentation 10</td>
<td><strong>Choose five among:</strong></td>
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<td>Student Presentation 11</td>
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<td>Student Presentation 12</td>
<td>U.S. v. Microsoft Corp. (2001)</td>
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<td>ViaMedia v. Comcast (2016)</td>
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<td>FTC v. Qualcomm (2019)</td>
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<td>VII. Vertical Restraints</td>
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<td>Student Presentation 8</td>
<td><strong>Choose two:</strong></td>
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<td>Student Presentation 9</td>
<td>U.S. v. Apple (2013)</td>
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<td>ViaMedia v. Comcast (2020)</td>
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<td>FINAL EXAM</td>
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