

Economics of Competition Policy

Lecturer information

Dr Cloda Jenkins, email: cloda.jenkins@ucl.ac.uk

Office: G22 Drayton House

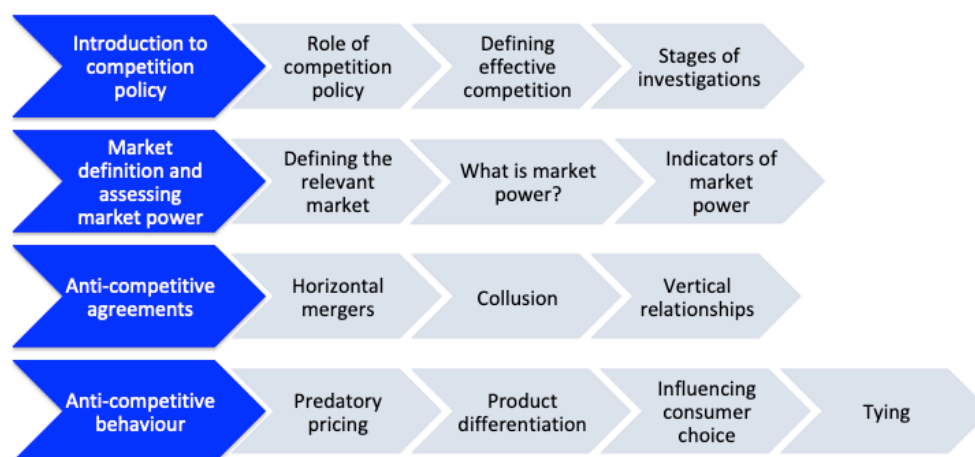
Office hours: on Moodle. Please email if you have a class at the scheduled time.

This course was previously known as ECON3012.

What will you learn about?

How do we know if competition is effective in energy markets? Is the way airlines charge good for consumers? Is Google dominant in the search engine market and is this detrimental to consumers? These are the types of questions that you should be able to answer, with an economist perspective, on completion of this course. They are also the type of questions that the course lecturer has worked on as an economic advisor to regulators and Competition Authorities.

You will build on your understanding of microeconomics from 1st and 2nd year at UCL (or similar) and learn how to apply technical concepts and tools to real world competition analysis. The topics that you will learn about are illustrated in the figure below. You will learn about theoretical models and apply them to real world cases throughout the course.



You will learn by attending all lectures and tutorials and actively participating in discussions. You are expected to review online videos of technical models ahead of lecture and undertake independent reading to reinforce discussions in the classroom. During the term, you will need to complete three homework assignments and an assessed term-time group case study project. Each homework assignment is an opportunity to practice one of the exam-style questions.

Is this course right for you?

This is a final year undergraduate course, open to students taking degrees in Economics, Economics and Geography or Philosophy and Economics who have completed the 2nd year Microeconomics course delivered by the Economics Department.

It may be possible for Affiliate students, and students taking degrees in Economics and Statistics and Maths and Economics, to take this module but they must come into the course with an understanding of concepts relating to monopoly, oligopoly and monopolistic competition. You should be able to calculate profit-maximising and welfare-maximising outcomes in monopoly, Cournot and Bertrand models. You should understand supply and demand, particular elasticities and drivers of shifts in supply and demand curves. You should have a good understanding of basic game theory (eg, best response functions, Nash equilibria, two-period games).

You are most likely to enjoy the module if you:

- enjoy microeconomics and want to know more about how firms behave, how markets operate and what impact imperfect competition has on consumer welfare;
- are interested in developing skills in writing, presenting and working in teams;
- like to read and review literature, solve problems and write critical essays using economic models and real world examples;
- are willing to participate actively in all lectures and tutorial sessions; and
- are willing to commit to work effectively with others in the assessed group project.

If you are not sure whether the course is suitable for you, please get in touch with me.

What will you know (better) by the end of the course?

The aim of the course is to provide students with the opportunity to develop an expertise in a selection of core topics in Competition Economics and to apply what they have learnt to the analysis of competition in real world markets.

When you have completed the course you should be able to:

1. Explain, in writing and orally, economic ideas and methods associated with the course topics to your peers.
2. Solve problems relating to the course topics, identifying the appropriate tools/methodologies to use, explaining how the tools work and evaluating the relevance or meaning of solutions.
3. Apply the ideas and tools covered in the course to real world markets and critically assess the analysis undertaken by competition authorities.
4. Summarise and challenge views of others, building on material covered in the course.
5. Work effectively with your peers to develop evidenced-based and well-written arguments and outputs.

When marking homework and exam answers we look for evidence that students have reached outcomes 1 to 4. The marking of the group case study project requires evidence of all 5 learning outcomes. All work is marked using the Economics Department Undergraduate Grade Descriptors.

What have students thought of the course in the past?

In its current format the course has been running since 2012/13. The approach to teaching and learning has been popular with most students. You can find feedback scores in the [‘Student Voice’ area of the UG Admin Moodle page](#).

- “the actual course content is very enjoyable and challenging without being impossible.”
- “Liked the relevance of the module to everyday life and business.”
- “Content interesting and kept relevant (e.g. guest lecture and continuous discussion of application to coursework)”
- “[in tutorials], good mix of working through problems on the board and discussing problems as a group”
- “derivations can easily be learned in our own time with the videos put up so it is nice to be able to spend the lecture time focusing on real world examples and understanding”

Many students see the value of working with peers in lectures, tutorials and on the case study project:

- “Although it is very time consuming, you can understand key module concepts "by doing" or seeing how they work in practice."
- “I found it easier to learn a concept by explaining it to another person”
- “(working with classmates) was really nice since it helps build relationships and encourage collective learning.”
- “The course was very interesting and was tied to what we learnt last year in [microeconomics]”
- “Group project was also quite interesting. Real world application is what economics students genuinely want but very rarely receive.”
- “Group project a good way to see an application of policy”

Those who did not enjoy working with peers made comments similar to:

- “The case study further re-enforced my desire to work alone”
- “It was just awkward moments of having to interact with a stranger”

Students have also provided helpful ideas on how to improve the course during the term and in end-of-term feedback. Examples, and how the lecturer responded to them, are below.

Students said	We did
Spend more time on models in lectures (2014/15). Cover technical derivations in lecture (2015/16).	Technical derivations of most models are provided through online video tutorials. Students are expected to review these ahead of lectures. Practice questions using the models are covered in lecture and tutorials.
Cut down reading (2014/15). Limit to one textbook (2015/16). Lessen reading given time spent on case study (2015/16). Provide more guidance on reading and on links between reading and lecture material (2017/18)	The main reading for the course is lecture notes and associated online videos. Students are encouraged to read supplementary information for some lectures (eg, Economist articles). References are provided for one textbook (Bishop and Walker) for those who want to read further but this reading is not required. This allows sufficient time for the case study project.
Have practical lectures linked to case study work (2015/16)	There are now two one-hour practical case study lectures, which are compulsory. Students can also discuss the case study in weekly lectures.
Provide answers to more of the maths style problems, even if not full workings (2015/16)	Final answers (not full solutions) to past affiliate exam questions are provided so that students can see if they got the right answer. Answers are provided to questions worked on in tutorials or for homework. If students are unsure how to get to the answer they are encouraged to discuss with each other, ask questions in tutorials and come to office hours.
Provide feedback for another essay (2015/16)	Students are encouraged to bring practice essay outline answers to office hours for discussion. In a ten-week term the burden of work is already high without adding an extra essay requirement.
Have more direction from PGTA in tutorials rather than all peer-to-peer discussion (2016/17)	Tutorials are designed to allow for students to learn from discussion but the PGTA is always there to answer questions, provide feedback on ideas and to help make connections to the wider course. Discussing ideas with peers, particularly being able to explain ideas to others, is a well-documented effective way to learn. Class time is not about taking notes on what the teacher says.
Allow students to choose their teammates for case study project (2016/17). Think about size of group for project, particularly where affiliate students involved (2016/17). Better to choose own group (2017/18). Provide more guidance on how individual participation will be measured (2017/18). Make importance of individual	In the past, the course lecturer allocated the project teams based on who is in the same tutorial group. There is a lot of evidence, see for example Tim Harford's book <i>Messy</i> , that better work is produced when people work with people they don't know well and indeed where there may be conflict. This is the reality of team working in

<p>engagement on wiki clearer from start of project (2018/19).</p>	<p>many jobs and indeed in many assessment centres! In 2018/19 students were allowed to form their own teams as the project work was focused on lecture slots rather than tutorial groups. The feedback from 2018/19 was that some students would have preferred being allocated to a team and others liked being able to choose their team. The lecturer will discuss with each cohort what their preference is for team allocation at the start of term.</p> <p>One of the challenges of group work is free riding. In an attempt to penalise low effort levels, and incentivise everyone to contribute to the group work, individual contribution to the project during the term is closely monitored. One of the areas that is looked at is the extent to which a student is active on the wiki and students should be mindful of this, choosing to work on the wiki rather than offline as much as possible. Lower than expected effort levels, relative to peers in the class, will result in a student's grade being lower than that awarded to the rest of the group. Students are encouraged to be honest with each other about the team dynamic and if this does not improve the team can raise concerns with the lecturer who will seek to help the team find ways to improve their working. Details of how individual engagement with the project is monitored are provided in case study instructions.</p>
<p>Provide more guidance on what is needed to do well in a problem question (2018/19)</p>	<p>All problem questions are marked using the Economics Department Grade Descriptors. First class marks, particularly those above 80%, require more than getting the calculated answer correct. Time is spent in tutorials discussing what is expected. Any student who is unsure can come and ask in office hours.</p>
<p>Add an extra homework (formative assessment) with practice Part A exam question (2018/19)</p>	<p>This will be added to the workload from 2019/20 but students will be encouraged to limit the time spent on it as the workload for the module is already quite high with the project.</p>

How do you learn on this course?

The course is designed so that students learn through what they do, as well as through what they read and what they hear from the lecturer and post-graduate teaching assistant (PGTA). The approach requires a commitment from students to attend and participate effectively in lectures and tutorials and to keep on top of the material from the beginning. This is particularly important for the term-time case study project that counts for 30% of your mark.

When deciding whether to take this module it is important that you consider how your preferred style of learning fits with the approach to teaching and learning on this course. Don't choose the module if you think you may have concerns about the time commitment required in term-time in particular.

Lectures

There are ten two-hour lectures, every Friday at 9am in Term 2, plus two compulsory one-hour practical lectures in Weeks 22 and 30. There will also be a revision lecture in the Exam term.

The weekly lectures are used to discuss the formal material of the course. You sit with your case study team (once they have been assigned), to allow you to discuss how the lecture material links to your project. There are also numerous discussion sessions in lecture where you are expected to engage with your peers.

The practical lectures are designed to provide you with the opportunity to meet your team and ask questions about your case and your project more generally. These lectures are **compulsory**, with attendance taken like in tutorials. Attendance and engagement in the practical lectures is taken into account when deciding your individual mark for the group case study project.

Given the nature of the course and the assessment, you will learn best by attending lectures. To allow students to review the material lectures are recorded but they should not be seen as a substitute for attending and discussing topics with your peers.

Tutorials

There are five one-hour tutorials in Weeks 22, 23, 27, 28 and 30. In these tutorials the PGTA does not present answers to a set of questions and you take notes. You are expected to participate and engage with the activities set and the PGTA provides guidance through the discussion. All the activities are designed to help you prepare for the exam. A provisional programme of tutorial activities is provided below.

	Date	Plan
T1	Tues Jan 21 st 2020	Aim: ensure students are confident with calculation of monopoly and standard oligopoly outcomes and associated welfare analysis that will be assumed for whole course. Students work on problems in tutorial with PGTA available to answer questions. Work on calculations and intuitive explanations. Questions are given to students in advance.
T2	Tues Jan 28 th 2020	Aim: ensure students understand grade descriptors for problem questions in module Students use grade descriptors to mark sample answers to problem questions. Discuss with PGTA how to interpret grade descriptors. Questions are given to students in advance. Guide answers for the questions covered in tutorial will be provided on Moodle after all tutorials.
T3	Tues Feb 25 th 2020	Aim: ensure students understand what is required to write a first class essay in module Students work in small groups to develop a plan for an essay question. General discussion on what is needed to turn plan into first class essay. Questions are given to students in advance. Guide answers for the questions covered in tutorial will be provided on Moodle after all tutorials. PGTA will give general feedback on Homework 1 (Problem Set).

T4	Tues Mar 3 rd 2020	<p>Aim: ensure students are confident with calculation of outcomes in different competition models and associated welfare analysis.</p> <p>Students work on problems in tutorial with PGTA available to answer questions. Work on calculations and intuitive explanations. Discuss what is needed to get a first class answer. Questions are given to students in advance. Guide answers for the questions covered in tutorial will be provided on Moodle after all tutorials.</p>
T5	Tues Mar 17 th 2020	<p>Aim: ensure students understand what is needed to do well in short answer exam questions.</p> <p>Students work on short answer questions in tutorial with PGTA available to answer questions. Work on providing focused and analytical answers. Discuss how these questions are marked in the exam. Questions are given to students in advance.</p> <p>PGTA to provide general feedback on Homework 2 (Essay).</p>

Details of the activity for each tutorial will be posted on Moodle. You do not submit the work prepared for marking but you should view the discussion in tutorials as feedback on how much of the course material you understand and what areas you need to work on. You are encouraged to come to office hours during term if you have any questions on the material covered.

Please only attend the tutorial that you have been assigned to. If you have a genuine reason for missing a tutorial, please inform the class tutor at the earliest possible time.

Homework

You will get individual feedback on three pieces of homework during term. The homework needs to be submitted on **Monday at 12 noon** in Weeks 23, 28 and 31. This is in addition to the work that you do in tutorials.

There will be one problem set (due Monday February 3rd 2020 at 12noon), one essay (due Monday March 2nd 2020 at 12 noon) and one practice short answer question (due Monday March 23rd 2020 at 12 noon). Details of all homework assignments will be available on Moodle and all work must be submitted via Turnitin. Late homework is normally not marked. However, if you have a genuine reason for not submitting work, or for submitting work late, please inform the class tutor at the earliest possible time.

Homework is not formally discussed in tutorials but students are free to ask questions around what they have done in the next tutorial or in office hours. Guide answers will be provided on Moodle one week after the submission deadline.

Group case study project

From Weeks 22 to 31 you will work in a team on a competition case study project and produce an oral presentation and Moodle wiki relating to the case. The project requires you as a group to read the final report of a competition case, summarise the main elements of the case and critically assess the economic analysis used by the competition authority.

This team-based project is worth 30% of the overall mark for the course. Further details are provided below in the 'Assessment' section.

Details of the case study project will be provided on Moodle at the start of term and will be discussed in the first compulsory case study practical lecture (Wednesday January 22nd 2020 10-11am). The case study presentation will be in the week beginning March 9th 2020 (week

29). The time will be confirmed at the start of term once a room has been secured.. The final written wiki will be due on Monday March 30th 2020 at 12 noon (Week 32).

Further Independent study

Students are expected to read lecture notes, watch online videos and suggested readings (eg, Economist articles) on an on-going basis to ensure they keep on top of the course material.

Exam papers are available on Moodle and students are encouraged to use these to get more practice of questions on each topic as we go through the course (ie, don't leave them until the break between Term 2 and Term 3).

There is an online Moodle quiz for each topic, similar in style to short answer questions in the exam. When students attempt these they will see guide answers and be able to assess for themselves how they have done. Attempts at the quiz are not marked.

Readings

The core material relevant to the course is provided in lecture notes, online videos and readings on Moodle (eg, Economist articles). It is also recommended that you keep your 2nd year microeconomics notes and books to hand to refresh any of the concepts that I will assume you know/remember.

There are many industrial economics textbooks that provide the basic tools for competition economics but not many have a good mix of economics theory and competition policy. If you are struggling with any of the models please let me know and I can suggest something to read.

This course is most closely linked to the material in the following text.

S Bishop and M Walker (2010), *The Economics of EC Competition Law: Concepts, Application and Measurement*, Sweet and Maxwell.

This book is expensive and it is not recommended that you buy it. There are copies available in the library or a group of students may want to purchase a copy to share. It is useful to read the book if you are struggling with any of the policy concepts and/or if you simply want to find out more. **It is not necessary to read it to do well.** For each topic I have provided a reading list that indicates what parts of the book are relevant for each topic. The reading list includes other relevant sources for those who are interested.

Feel free to ask the lecturer for advice on what else you could read if you are confused by any topic in the course or you want to dig deeper.

Assessment: case study project and two-hour exam

Your overall grade for the course is based on your performance in the term-time group case study project and the final exam. The marks are allocated as follows:

- Team case study project: 30%
- Final exam: 70%

Each component of the assessment is marked out of 100 and the weights applied to give a final total mark.

Group case study project (30%)

Your case study project teams will be confirmed in the 2nd week of term. Each team will be given a Competition Authority case (final report) to evaluate. The project requires the team to understand what the competition problem in the case is, how it was analysed and what the final conclusions were. The team needs to be able to describe the case and critically evaluate the economic analysis used by the Competition Authority, making connections to the economics covered in the rest of the course. Details of what cases teams will be working on and what needs to be covered in the project will be provided at the start of week 2 of term.

There are two outputs for the case study project – a team presentation in Week 29 and a written online Wiki report that must be completed by Monday March 30th at 12 noon. The presentation will be worth 5% of the 30% mark for the project and the remaining 25% will be for the wiki. Details of the criteria that will be used to mark the projects will be provided at the start of term. An example case study wiki is available on Moodle for you to get an idea of what is expected.

The default assumption is that all members of the team will get the same marks for the presentation and the wiki report. There is scope for an individual to get an adjustment of up to + or – 5% of this group mark reflecting their individual contribution to the project. Individual contribution will be evaluated based on a mix of feedback from peers, attendance at compulsory project lectures, completion of peer feedback quizzes and individual engagement in the presentation. Further details will be provided at the start of term.

Any team member will be awarded a mark of 0% or Grade F in any examination, or other summative assessment component (essay, multiple choice questions, projects, etc.) where you: (1) are absent from the summative assessment component or, (2) do not attempt the summative assessment component or, (3) attempt so little of the summative assessment component that it cannot be assessed. Please check the UCL Academic Manual for information on the consequences of not submitting or engaging with any of your assessment components. Please discuss with the Departmental Tutor (f.witte@ucl.ac.uk) if you are unsure of the consequences for you.

If you have extenuating circumstances that affect your ability to engage with any of the module assessment components, please apply for alternative arrangements to the Economics Department as soon as possible. See details on the [Forms and Requests](#) area of the Undergraduate Admin page. Please send your request to economics.ug@ucl.ac.uk.

Final exam (70%)

The exam will consist of three parts.

- **Part A:** answer two out of four short questions (30 marks)
- **Part B:** answer one compulsory problem question (35 marks)
- **Part C:** answer one essay question from a choice of two (35 marks).

The case study project and exam are marked using the Department Grade Descriptors. If you are unsure about how to interpret the marking scheme please discuss with the course lecturer in office hours. The homework, quizzes on Moodle, lecture activities, tutorial discussions and case study work provide a good guide to the exam questions. Further practice questions can be found in previous exam papers. You may discuss your ideas on how to answer these questions in office hours.