Public Policy and Business Strategy  
(ECON-GB.2348)

■ **Course description and learning goals.** In most industries, firms are either subject to direct regulation or under the eye of a competition policy watchdog. Agreements with competitors, mergers and acquisitions, pricing, distribution practices — these and many other dimensions of firm strategy are potentially subject to the scrutiny of government authorities. In addition to competition policy, the government’s role is also apparent in regulation (health, environment, industry specific, etc); state aid (e.g. subsidies to firms); direct intervention in “national champions” (e.g., subsisides or golden shares); and industrial policy (e.g., government favoritism for a particular technology standard).

This course provides an introduction to the role and impact of public policy on market competition. It takes the perspective of a firm’s manager and asks the twin questions: (a) to what extent does government intervention limit a firm’s strategy; and (b) how can firm strategy influence and take advantage of government intervention.

The course is largely based on case studies and complemented by short lectures and guest speaker presentations. Several of the case studies correspond to actual litigation cases in the U.S. and Europe.

■ **Target audience.** Anyone planning to work for a large organization (or one with market power) should take this course. The course will not turn you into an expert in antitrust, regulation and politics, but it will help you navigate the legal and political landscapes from a business perspective.

■ **Course pre-requisites.** Firms and Markets (ECON-GB.1303) or equivalent. Although we deal with a variety of legal and political issues, prior knowledge of European and North-American law is not required.

■ **Course outline.** The course is divided into the following parts:

1. Politics and business (special interests, lobbying, capture, revolving doors)
2. Industry regulation (utilities, health, environment, industry specific).
3. Intellectual property (patents, copyrights).
4. Antitrust, I: Horizontal agreements (mergers, cartels, explicit and tacit collusion).
5. Antitrust, II: Dominant position (vertical restraints, price discrimination, foreclosure).

A detailed course outline will be distributed before the start of the course.
Assignment components and grading. The course grade will be based entirely on class participation. One peculiar characteristic of most of the cases discussed in class is that there are two clearly distinguished (and to some extent opposed) approaches; this is obviously true for litigation cases, but not exclusively. Grading will focus on how well you argue in favor or against a particular position in each of the cases discussed in class.

Required course materials. The required readings are listed in the detailed outline. Students who wish to go deeper into some of the issues raised in the course may want to consult the following:


BARTON, DAVID (2010), Business and Its Environment, Prentice Hall.