ECON107 ECONOMIC REGULATION AND ANTITRUST POLICY

UNIVERSITY OF CALIFORNIA AT SAN DIEGO SUMMER TERM I 2018 SYLLABUS

Professor:

Dr. Michael Noel: Office: SH244 or in the classroom as directed by the

professor

Office Hours: Mondays 1:00pm-1:50pm

Wednesdays 8:00pm-8:50pm (alternate)

Email: mdnoel@ucsd.edu

The Course

This is a course on antitrust and economic regulation. First, we discuss the economic theory that should guide antitrust laws of the United States and discuss the actual current and historical antitrust laws and key antitrust cases in the context of underlying economic theory. Secondly, we discuss the costs, benefits, methods, and outcomes of economic regulation from a theoretical standpoint, and then examine the actual U.S. experience in a large number of industry case studies.

Required Textbook

Viscusi, Vernon, & Harrington Jr. <u>Economics of Regulation and Antitrust</u>, 4th ed. Cambridge, MA: MIT Press, 2005.

Grading

There will be one term test (40% of the total grade) held in class on July 18th, and one final exam (60%) scheduled during the exam period on August 3rd (check class schedule for the room). If you have other plans on these two dates, then do not take the course. The only allowable reasons for missing a test or exam is a medically documented and unexpected illness on test day, a death in the family immediately preceding test day, or as permitted under the university policy on religious observances, disabilities, and UCSD athletics conflicts. There are absolutely no other exceptions. Check your schedules well in advance. For religious observances, disabilities, and UCSD athletic conflicts, notice must be given in the first week of class and alternate arrangements will be made. For illness, you must provide within one week of the test date a note from a physician stating that he/she evaluated you the same day as the test and that your illness reasonably prevented you from taking the test. For a death in the immediate family, provide documentation within two weeks.

If you do have a valid excuse to miss the term test, there will be no makeup and your grade will be based 100% on the final exam. If you miss the final exam, you will be given a grade of incomplete if your midterm is of passing quality and an F if it is not (as required under university grading policies). Therefore if you miss both exams, you will receive an F.

Note that if you start taking a test, the test <u>counts</u>. Under no circumstances can you have your test result not count (for illness or otherwise) after you have started taking it. Also note that the professor or t.a. will not pre-approve requests to miss an exam for illness (for example, a student does not feel well but comes to the start of the exam to ask permission not to have to take it), but rather a note from a licensed physician is required.

The test and exam are closed book. You do not need blue books. Exams are 100% electronics free. No calculators (you do not need them), no cell phones, no iPods, no headphones, etc., no electronics of any kind in the exam hall. Also, no sunglasses or hats are permitted on test days. The final exam is cumulative, but weighted to material not covered by the midterm.

Also note that the marking scheme set out here is <u>final</u>. Under university regulations, the posted marking scheme applies to all students without exception. A student may not have a poor result excused, or make up for it by doing extra assignments, taking makeup exams or any other kind of additional work. There are no exceptions and all requests for exceptions are denied. So please be sure to do the problem sets thoroughly and be prepared for the test and exam. We can help you before the test, we cannot help you after.

Any regrade requests for the test or exam must be submitted <u>in writing</u> one week after the exam is returned to the class, with an explanation of the specific dispute written on a separate sheet of paper and attached to the front of the exam. The entire exam, start to finish, will then be regraded and your grade may go up or down. Be aware that exams, at the discretion of the professor, are photocopied prior to being returned to students the first time to eliminate the possibility of a student altering an exam (in serious violation of academic integrity rules) before resubmitting.

Problem Sets

Problem sets will be distributed on TritonED weekly and are <u>not</u> graded because of the tight summer schedule. Therefore there is no due date, but we strongly suggest you attempt every problem before you access the solutions and to see us in office hours to work through ones you are having trouble with. Experience has shown that simply reading the solutions without working through the problems first leads to a false sense of understanding and is a set up for disaster. Exams draw very heavily from these problem sets but to do well, memorizing answers is useless, you need to really understand what's going on.

Private Tutoring

The course can be difficult for some students, and for this reason, some consider private tutoring (at additional cost to them). But you should <u>not</u> consider paid private tutoring unless you are fully utilizing all the resources in the course. Your professor and teaching assistant are the best teachers around, and they are free for you to use. If you are using all the free resources and would still benefit from additional help, the professor can put you in contact with the economics department who in turn can provide information on qualified one-on-one private tutors from the Ph.D. program. Private tutoring on a group basis is rarely cost-effective.

Academic Dishonesty

There is a zero tolerance policy in this class for academic dishonesty. Any student found guilty of academic dishonesty will receive an F in the course. If you are unsure what constitutes academic dishonesty, please ask or consult with your college dean. In all cases, the student's name and test or exam will be immediately forwarded to the Academic Integrity Office, who will impose an additional penalty, up to and including expulsion from the university. Please do not even *consider* doing this. It is not worth it.

Some Advice

Begin studying for the test and exam starting on the first day of class. Do all the problem set questions and keep up with them. Summer moves very, very (very) fast. We cover a full week of material each class. That means if you take a Tuesday off, by Wednesday night you may find yourself two weeks behind! Office hours are available, and experience shows that it is in your best interest to use them early and use them often! We are here to help.

Topics

All readings are from the Viscusi, Vernon, and Harrington Jr. text.

- A. Introduction. Ch. 1, 2.
- B. Antitrust
- I. Introduction to Antitrust. Ch. 3
- II. Oligopoly Models and Cartels. Ch. 5 (except Appendix A), Ch. 6.
- III. Horizontal Mergers. Ch. 7
- IV. Vertical Mergers and Restrictions. Ch. 8
- V. Monopolization and Price Discrimation. Ch. 9

- C. Economic Regulation
- I. Introduction to Economic Regulation. Ch. 10, 11
- II. Electricity. Ch. 12
- III. Cable Television. Ch. 13
- IV. Telecommunications. Ch. 15
- V. Surface Freight and Airlines. Ch. 17
- VI. Oil and Gas. Ch. 18