

ECO107 Antitrust and Economic Regulation

UC San Diego, Spring 2004

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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 and safety 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. Economics of Regulation and Antitrust, 3rd ed. Cambridge, MA: MIT Press, 2001.

Because of rapid and recent changes in regulatory policies and antitrust matters, earlier editions of the text are not recommended.

Grading

There will be one midterm (40%) in mid-May, one final exam (40%) in the final exam period, and several graded problem sets/assignments that will be available from this website (20%).

Topics

Students are responsible for all readings listed below (including appendices unless otherwise stated.) Note, however, that in a single quarter we are unlikely to get to all the topics below and throughout the term I will announce any sections that will be dropped from the required reading list. Having said that, it's all very interesting stuff and recommended just the same.

A. Introduction. Ch. 1, 2 (all references are to Viscusi, Vernon, and Harrington Jr. text)

B. Antitrust

I. Introduction to Antitrust. Ch. 3

II. Oligopoly Models and Cartels. Ch. 5 (except Appendix A), Ch. 6 (except 162-170)

III. Horizontal Mergers. Ch. 7

IV. Vertical Mergers and Restrictions. Ch. 8

V. Monopolization and Price Discrimination. Ch. 9

B. Economic Regulation

I. Introduction to Economic Regulation. Ch. 10, 11

II. Electricity. Ch. 12 (except pp.379-386 which you should skim for the main idea only)

III. Cable Television. Ch. 13

IV. Telecommunications. Ch. 15

V. Surface Freight and Airlines. Ch. 17

VI. Oil and Gas. Ch. 18

C. Safety Regulation (time permitting)

I. Introduction. Ch. 19

II. Environment. Ch. 21

III. Product Safety. Ch. 22

IV. Workplace Safety. Ch. 23