

ECONOMICS 107 – SPRING 2009
ANTITRUST AND ECONOMIC REGULATION

Instructor: Genevieve Peters
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COURSE DESCRIPTION

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.

PREREQUISITES

The prerequisites for Economics 107 are: Economics 1A-B or 2 or 100B or 170B; and Math 10C or 20C.

TEXTS

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

Because of rapid and recent changes in regulatory policies and antitrust matters, earlier editions of the text are generally not recommended. If you choose to use the 3rd edition anyway, the required readings below also apply to that edition. However, you will be missing material related to the most recent developments (since 2000) and will need to find a way to deal with that.

COURSE READINGS

We will be covering chapters 1 – 3, 5 – 13, 15, 17, and 18 from the required text. The reading assignments for each lecture are outlined in the class schedule below. Lectures will focus on the more difficult material in the readings, but you will be responsible for all of the material in each chapter. You will get a lot more out of this class if you read the required chapters before each lecture.

ATTENDANCE

Class attendance is an individual student responsibility. Although daily attendance is not recorded, the lectures will be more mathematical than the text, and I will provide examples during lectures that do not appear in the textbook but are fair game for examination. Thus, frequent absences may adversely affect performance.

WEBCT

We will be using WebCT for this course (<http://webct.ucsd.edu>).

STATEMENT OF ACADEMIC INTEGRITY

Students are expected to do their own work, as outlined in the UCSD policy on Academic Integrity published in the UCSD General Catalog. Cheating will not be tolerated, and any student who engages in suspicious conduct will be confronted and subjected to the disciplinary process. Students found guilty of academic misconduct will receive a failing grade on the exam and/or in the entire course. They may also be suspended from UCSD.

EXAMINATIONS

One midterm exam and one final exam will be given in this section.

- The midterm exam will be given during class time on **Fri. May 1st**.
- The final exam will be given on **Thurs. June 11th from 11:30 a.m. – 2:30 p.m.**

No notes, books, study aids, calculators, or other personal electronic devices will be allowed in these exams.

Both exams must be taken at the scheduled time and place; they will not be given "early". Students who arrive late will not receive extra time to complete their exam. Once a student completes the exam and leaves the exam room, no other student will be permitted to start the exam.

MISSSED EXAMINATIONS

No make-up exams will be given in this class. Students who miss a midterm exam without a university accepted excuse will receive a grade of **zero (0)** for the exam. Students who miss a midterm with a university accepted excuse will have the weight of the final exam increased accordingly. You must take the final exam to receive a grade in this course.

Excuses for missed exams must be pre-approved by the instructor (except when this is not possible in an emergency situation). Students who make initial contact after the exam will have to document why they could not make contact prior to the exam. In addition, any student who misses an exam due to physical illness will be required to provide documentation from a health care professional indicating why the student was physically unable to take the exam. All documentation and an additional signed written statement explaining the relevant circumstances of the absence must be provided to the instructor within two working days of the student's return to campus. Failure to comply with any of the above in the specified manner will result in a grade of **zero (0)** for the exam.

GRADING

Numerical grades will be assigned as follows:

Midterm	=	40%
<u>Final Exam</u>	=	<u>60%</u>
Total	=	100%

Letter grades will be assigned as follows:

Letter	A	A-	B+	B	B-
Numerical Range	85% - 100%	80% - 84%	75% - 79%	70% - 74%	65% - 69%
Letter	C+	C	C-	D	F
Numerical Range	60% - 64%	55% - 59%	50% - 55%	40% - 49%	0% - 39%

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CLASS SCHEDULE AND READING ASSIGNMENTS

Date		<u>Lecture Topic/Reading Assignment</u>
Mon.	March 30	Introduction (Ch. 1)
Wed.	April 1	The Making of a Regulation (Ch. 2)
Fri.	April 3	Introduction to Antitrust (Ch. 3)
Mon.	April 6	Oligopoly, Collusion, and Antitrust (Ch. 5)
Wed.	April 8	Oligopoly, Collusion, and Antitrust (Ch. 5)
Fri.	April 10	Market Structure and Strategic Competition (Ch. 6)
Mon.	April 13	Market Structure and Strategic Competition (Ch. 6)
Wed.	April 15	Mergers (Ch. 7)
Fri.	April 17	Mergers (Ch. 7)
Mon.	April 20	Vertical Mergers and Vertical Restraints (Ch. 8)
Wed.	April 22	Vertical Mergers and Vertical Restraints (Ch. 8)
Fri.	April 24	Monopolization and Price Discrimination (Ch. 9)
Mon.	April 27	Monopolization and Price Discrimination (Ch. 9)
Wed.	April 29	Monopolization and Price Discrimination (Ch. 9)
Fri.	May 1	Midterm (Covers Chs. 1-3 and 5-9)
Mon.	May 4	Introduction to Economic Regulation (Ch. 10)
Wed.	May 6	Introduction to Economic Regulation (Ch. 10)
Fri.	May 8	Theory of Natural Monopoly (Ch. 11)
Mon.	May 11	Theory of Natural Monopoly (Ch. 11)
Wed.	May 13	Natural Monopoly Regulation and Electric Power (Ch. 12)
Fri.	May 15	Natural Monopoly Regulation and Electric Power (Ch. 12)
Mon.	May 18	Franchise Bidding and Cable Television (Ch. 13)
Wed.	May 20	Franchise Bidding and Cable Television (Ch. 13)
Fri.	May 22	Dynamic Issues in Natural Monopoly Regulation: Telecommunications (Ch. 15)
Mon.	May 25	Memorial Day Holiday (Lecture and Office Hours Cancelled)
Wed.	May 27	Dynamic Issues in Natural Monopoly Regulation: Telecommunications (Ch. 15)
Fri.	May 29	Economic Regulation of Transportation: Surface Freight and Airlines (Ch. 17)
Mon.	June 1	Economic Regulation of Transportation: Surface Freight and Airlines (Ch. 17)
Wed.	June 3	Economic Regulation of Energy: Crude Oil and Natural Gas (Ch. 18)
Fri.	June 5	Economic Regulation of Energy: Crude Oil and Natural Gas (Ch. 18)
Thurs.	June 11	Final Exam (11:30 a.m. – 2:30 p.m.)