

ECO107 Antitrust and Economic Regulation

UC San Diego, Winter 2008

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324 Economics

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Lecture Hours: Tuesdays and Thursdays 3:30pm-5:00pm in PETER 102.

Office Hours: Tuesdays 12:30pm-2pm in ECON 324.

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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 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, 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.

Grading

There will be one midterm (40%) sometime between the 6th and 8th weeks, one final exam (50%) in the final exam period, and several graded problem sets/assignments that will be available from this website (10%).

Topics

Students are responsible for all readings listed below (including appendices unless otherwise stated.)

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.

III. Horizontal Mergers. Ch. 7

IV. Vertical Mergers and Restrictions. Ch. 8

V. Monopolization and Price Discrimination. 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