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Office hours: T/Th 11:00 am - 12:15 pm

Economics in Action: Industrial Organization (4999-002)
Fall 2005 (T/Th: 9:30 - 10:45 am)

Course Description and Objectives:

The objective of this course is to familiarize you with the applications of Industrial Organization, with emphasis on one of the major instruments of competition policy—*antitrust policy and enforcement*. Industrial Organization largely addresses imperfectly competitive market structures, firm conduct (e.g., pricing, output, quality issues, advertising and marketing, and entry and exit) in those markets, and market performance. The course will emphasize the legal-economic concepts that form the basis for antitrust, the qualitative and quantitative tools useful for thinking critically about a wide variety of antitrust issues, and their applications. Applying these skills to a variety of real-world problems will be a central focus of the course, as indicated by the case-study format of the assigned test. The course consists of four parts. Part I examines problems involving horizontal structure (mergers). Part II looks at horizontal practices (cartels, coordinated interaction, bid rigging, etc.). Part III addresses vertical and related market issues (tying, bundling, and resale price maintenance, etc.), and Part IV looks at network issues (aftermarket issues, predation, etc.).

Course Requirements, Grading, and Other Policies

Mid-Term Exam #1 (to be announced)	30%
Mid-Term Exam #2 (to be announced)	30%
Team Projects:	
▪ Research Paper	20%
▪ Presentation	10%
Class participation	10%
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Total	100%

Grading: Grading will be based on: (1) two mid-term exams, (2) a 3-4 person team research paper and presentation, and (3) class participation. Note that there are *no* make-up exams and none will be scheduled. I will assign letter grades at the end of the semester based on total scaled point scores.

Academic Integrity, Student Conduct, and Students with Disabilities: Students are expected to abide by the University's academic integrity, student conduct, and disabilities policies. In particular, the use of wireless telephony devices while the class is in session distracts the class from the subject matter and discussion and should be turned off *before* the start of class. In accordance with University policy, if you have specific disabilities that require accommodation, please let me know early in the semester so that your learning needs may be appropriately met. You will be required to provide documentation of your disability to the Disability Services Office.

Text

The assigned textbook--*The Antitrust Revolution*, John E. Kwoka, Jr. And Lawrence J. White, eds., 4th edition, 2004, Oxford University Press--is available at the bookstore. The book takes a case-study approach to the subject matter with prefaces for each of the four major parts: (1) horizontal structure; (2) horizontal practices (3) vertical and related market issues; and (4) network issues. I encourage you to keep up with the readings, in advance of their coverage in lecture.

Calendar of Topics

Part I: Horizontal Structure

Weeks 1 - 4:	Chapter 1:	Manifest Destiny (Railroads)
	Chapter 2:	Prices, Market Definition, and the Effects of a Merger
	Chapter 3:	Potential Competition and Local Telephone
	Chapter 4:	Long-Distance Telephone
	Chapter 5:	Crude Oil
	Chapter 6:	Efficiencies and High Concentration

Part II: Horizontal Practices

Weeks 5 - 7:	Chapter 7:	Antitrust and Higher Education
	Chapter 8:	Bidding, Bid Rigging
	Chapter 9:	Rapid Price Communication and Coordination
	Chapter 10:	Global Cartels
	Chapter 11:	Sports Leagues
	Chapter 12:	Brand Name Prescription Drug Litigation

Part III: Vertical and Related Market Issues

Weeks 8 - 11: Chapter 13: Revisiting Maximum Resale Price Maintenance
Chapter 14: Technology Cross-Licensing Practices
Chapter 15: Retailer-Instigated Restraints on Suppliers' Sales
Chapter 16: Bundling

Part IV: Network Issues

Weeks 12-15: Chapter 17: Links Between Markets and Aftermarkets
Chapter 18: Access and Network Effects in the "New Economy"
Chapter 19: Maintenance of Monopoly
Chapter 20: Predation Policy