Course Overview: Few markets look and behave like our models of perfect competition. Most involve few firms, or maybe just one that matters, and behave in ways that do not result in optimal performance. They may try to raise prices, merge with competitors, suppress innovation, or engage in other anticompetitive behavior, all of which harms consumers. To address these market problems, antitrust policy oversees how companies behave, and full industry regulation intervenes when underlying conditions make competition impossible.

This course uses all the tools of modern economics—micro theory, game theory, statistical evidence, and case studies—to analyze these issues and the appropriate public policy in markets where competitive forces are weak or absent. The course is divided into roughly three parts: The first sets out the economics of imperfectly competitive markets. That is followed by discussions of antitrust economics and regulatory economics. Current issues and examples are emphasized throughout.

Prerequisites: This course assumes you have had intermediate micro theory and have a working understanding of calculus. Be sure you have these in your background.

Readings: This course will draw on two texts:

Viscusi, Vernon, and Harrington (VVH), *The Economics of Regulation and Antitrust*, 4/e
Kwoka and White (KW), *The Antitrust Revolution*, 6/e

In addition, a number of additional readings are required. Those will be posted on Blackboard or available to you through links on this syllabus. Approximate number of class periods for each topic are listed after each section.

Blackboard: I will use to alert you to reading assignments, homework problems, and any schedule changes. You will be responsible for staying current with all material and announcements on Blackboard.

Grading: Grades will be based on two quizzes, 4 or 5 homework problem sets, a class debate, and a final. Each quiz counts for 15% toward your overall grade, the final for 40%, the class debate (to be described separately) for 15%, and the homework problems together for the remaining 15%. The first quiz will be on February 17, the second after the March break at a date TBD. Unexcused absences from any exams or late homework submissions will result in a grade of F for that assignment.

Your Responsibility, and Mine: You will be expected to do the readings for each class beforehand so that class time can be spent well. Since the material is cumulative, you will need to stay current. If you cannot meet these expectations, this course is not for you. My responsibility is to teach you how to think about real world markets and industries in all their complexity, how to analyze firm conduct and market performance, and how to determine whether antitrust or regulatory policy can help correct any market problems. At the end of the course, you should have the necessary tools to examine a wide array of current policy issues involving major companies and markets, not just those that we study.
READINGS

A. IMPERFECT COMPETITION

1. Costs, Competition, and Monopoly (2)
   Waldman and Jensen, ch. 3.1-3.5
   ch. 2.4-2.6
   Tremblay and Tremblay on Brewing, pp. 53-61

2A. Concentration and Pricing (3)
   Waldman-Jensen, ch. 8
   Ch. 7.1-7.4
   ch. 9.1-9.4
   Tremblay and Tremblay, pp. 61-77

2B. Strategic Behavior
   Waldman-Jensen, ch. 11.1
   Ch. 12
   Salop, “Strategic Entry Deterrence”

B. ANTITRUST AND COMPETITION

3. Introduction to Policy (.5)
   VVH, ch. 3
   KW, pp. 1-6

4. Collusion and Coordinated Pricing (2)
   VVH, 116-151
   KW, pp. 1-6
   Connor on Lysine
   Salop, “Practices that Facilitate Oligopoly Coordination,” pp. 265-275
   *Hay on Ethyl

5. Horizontal Mergers (2.5)
   VVH, ch. 7
   Shapiro, “Mergers with Differentiated Products”
   KW, pp. 8-29
   Warren-Boulton on Staples
   *Kwoka on Ticketmaster

6. Vertical Mergers and Practices (2)
   VVH, ch. 8
   KW, pp. 370-380
   Rogerson on Comcast-NBCU
   *Elzinga on Leegin

7. Monopoly: Predation and Exclusion (2)
   VVH, ch. 9
   KW, pp. 203-210
   *Elzinga on Spirit
Rubinfeld on Microsoft

C. REGULATION AND DEREGULATION

8. Introduction to Policy (.5)
   VVH, ch. 10 (pp. 357-375)

9. Regulation of Natural Monopoly (2.5)
   VVH, ch. 11, 12 (pp. 429-453)

10. Planned Deregulation: Airlines (2)
    VVH, ch. 17 (pp. 589-590, 609-639)
    Morrison on Airlines
    *KW, Isreal on Delta-Northwest

11. Deregulation by Disruption: Taxicabs (1.5)
    VVH, ch. 16
    Uber, TBA

12. Divestiture and Deregulation: Telecom (2)
    VVH, ch. 15
    Economides, “Telecommunications Regulation”
    *KW, DeGraba and Rosston on AT&T/T-Mobile

13. Limits of Deregulation: Electricity (2)
    VVH, ch. 12 (pp. 453-461)
    Joskow, “Markets for Power in the United States: An Interim Assessment”
    Borenstein, “The Trouble with Electricity Markets”