

Econ 4631H: Industrial Organization and Antitrust Policy **Fall 2011, University of Minnesota**

Class meetings: Tuesday and Thursday, 9:45-11:00, Blegen Hall 115

Instructor: Brian Adams (email: [adams658 \[at\] umn.edu](mailto:adams658@umn.edu))

Office hours: Tuesday 2:30p-3:30p, Wednesday 10:00a-11:00a; Hanson Hall 3-133

Course webpage: <http://www.econ.umn.edu/~adams658/teaching/fall2011e4631/>

Course Topics

Economic aspects of antitrust and related policies. Relations between market structure, economic efficiency, and welfare. Economic origins of monopoly and other restraints on competition. Purposes/effects of antitrust/related legislation.

Prerequisite

Students must have successfully completed Intermediate Microeconomics (Econ 3101).

Textbook and Readings

The assigned textbook is *Modern Industrial Organization*, by Dennis W. Carlton and Jeffrey M. Perloff, 4th edition. The 3rd edition is an acceptable substitute.

A few articles from economics journals are included as additional readings. All can be accessed through the university library databases. Announcements in class will detail what sections of these papers will be required. The articles are:

- Berry, Steven. "Estimating Discrete-Choice Models of Product Differentiation." *RAND Journal of Economics*. Vol. 25, No. 2 (Summer 1994): pages 242-262.
- Dick, Astrid A. "Demand estimation and consumer welfare in the banking industry," *Journal of Banking & Finance*. Vol. 32, Issue 8 (August 2008): pages 1661-1676.

News articles related to antitrust cases also will be assigned and discussed. Links to these will appear on the class website.

Coursework

Four homework assignments, one brief in-class presentation, and three exams are designed to provide motivation for and evaluation of students' learning. Additionally contributing to class discussions will be rewarding in grading.

Assignments

Assignments will be due at the start of class on 15 September, 29 September, 27 October, and 8 December. Late assignments shall be accepted only under special circumstances (such as documented illness). Students are welcome to discuss homework in groups, but each student must prepare and submit a unique assignment and note the names of other group members. Identical or nearly identical submissions will not receive credit.

Objections to the grading may be resolved by specifying the objection in writing and returning the assignment to the instructor within one week. The whole assignment may be regraded, which may result in a lower or higher score.

Exams

Instructions for exams will be detailed in lecture before each exam. Communication with other students, use of unauthorized resources, copying, and other forms of cheating during the exams will be severely punished. The exams will take place on 6 October, 22 November, and 22 December.

No make-up dates will be offered for the midterms. Any student needing a makeup final should notify the instructor at least one week beforehand.

As with assignments, grading objections may be resolved by specifying the objection in writing and returning the assignment to the instructor within one week.

Class presentation

In November students will give five-minute presentations on recent mergers and antitrust cases. Presentations should summarize the background of the case, what industrial organization concepts are involved, and the regulatory response was or will potentially be.

Discussion Participation

Adding value to group discussions is an important professional skill that students should develop. Discussions in class will include solving sample math problems, reviewing antitrust news item, answering written discussion questions, and discussing concepts in industrial organization as they arise in lectures. The instructor's evaluation of discussion contributions will be based on the quantity and quality of comments. Students will be updated on their standing in this section of grading every time homework assignments are returned.

Grades

The coursework components will be weighted as follows:

Exam 1	15%
Exam 2	15%
Final	30%
Discussion participation	5%
Class presentation	5%
Assignments (best 3 scores)	10% each
Assignment (worst score)	0%

Letter grades will be assigned by either the following scale or something more generous:

92%-100% A	72%-77% C
90%-91% A-	70%-71% C-
88%-89% B+	68%-69% D+
82%-87% B	60%-67% D
80%-81% B-	0% -59% F
78%-79% C+	

Course Overview

September

- 6 Introduction, Cost Curves (chapters 1-2)
- 8 Pricing under Perfect Competition and Monopolies (chapters 3-4)
- 13 Game theory and Oligopoly (chapter 6)
- 15 Game theory and Oligopoly (chapter 6)
Assignment 1 due
- 20 Demand estimation (Berry 1994)
- 22 Regulation and Deregulation (chapter 20)
- 27 Cartels (chapters 5)
- 29 Entry models
Assignment 2 due

October

- 4 Review
- 6 Exam 1
- 11 Antitrust Law (chapter 19)
- 13 Monopolistic Competition (chapter 7)
- 18 Location Models (chapter 7)
- 20 Location Models (chapter 7)
- 25 Industry Structure (chapter 8)
- 27 Vertical integration (chapter 12)
Assignment 3 due

November

- 1 Price Discrimination (chapter 9)
- 3 Nonlinear Pricing (chapter 10)
- 8 Student presentations
- 10 Student presentations
- 15 Strategic Behavior (chapter 11)
- 17 Review
- 22 Exam 2
- 29 Information and Advertising (chapters 13-14)

December

- 1 Durable goods (chapter 15)
- 6 Patents and Technological Change (chapter 16)
- 8 Market clearing (chapter 17)
Assignment 4 due
- 13 Review
- 22 Final exam (8:00a-10:00a)