

**ECO 6936
ANTITRUST ECONOMICS
Spring 2020**

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CLASS: Periods 3-4 M & W, MAT 114

OFFICE HOURS: 1:00-2:30pm MW – Blair
TBA – Jones

TEXT: Required: *Antitrust Economics*, 2d Ed. by Roger D. Blair and David L. Kaserman and Handouts

PURPOSE OF COURSE

This course will focus exclusively on the law and economics of antitrust policy in the United States. Since the material is at the interface of antitrust law and microeconomic theory, it is an interdisciplinary challenge that will aid your understanding of economics. It will also inform you about competition policy in the United States.

We will read the second edition of *Antitrust Economics*, which David Kaserman and I wrote. These reading materials are intended to support and supplement my lectures. You are, of course, responsible for all of the course material presented in class and in the required reading.

The standard learning outcomes (SLOs) for Economics majors are available at <http://www.registrar.ufl.edu/catalog/programs/majors/alc/#e>. This course contributes to a number of SLOs. For WCBA majors: numbers 3 – 5, 7, and 9. For CLAS majors: numbers 2 – 4, 6, and 8.

INSTRUCTOR

Before I get into the rest of the course details, I would like to introduce myself. I received my Ph.D. in Economics at Michigan State University in 1968. I began teaching at UF in 1970 and have remained here ever since. In addition to my teaching and research, I have been retained as an expert witness in many antitrust cases. From time to time, I will bore you with “war stories.” My current research focuses on antitrust, law and economics, and sports economics.

GRADES

Your grade will depend on your performance on 4 memos. The 4 memos are each worth 25%. There is no curve in the class, which means that everyone can earn an “A”. The grading scale is as follows:

A:	90 - 100
A-:	87- 89
B+:	83 - 86
B:	80 - 82
B-:	77 - 79
C+:	73 - 76
C:	70 - 72
C-:	67 - 69
D+:	63 - 66
D:	60 - 62
D-:	57- 59
E:	0 - 56

MEMOS

There will be four memos during the semester. These are scheduled as follows:

- Memo 1: February 10th
- Memo 2: March 9th
- Memo 3: April 1st
- Memo 4: April 27th

Please clear your social calendar for these events. Instructions will be given with the assignment.

Formatting: Times New Roman, 12 point font, 1 inch margins, ONE SIDED
Turn in a HARD COPY of your paper WITHOUT staples on 12/2/2019 (in class).

ATTENDANCE

I expect you all to attend class. Late arrivals distract me and the other students in the class. Be professional and be on time. Tardiness will not be tolerated on your next job.

If you miss class, you are responsible for everything that goes on in class – all lecture materials, homework assignments, handouts, problems, and the like. In my

experience, those who do not attend class regularly do not perform as well as those who do. In addition, if you do not attend class and I have no idea who you are, it is extremely difficult to write a meaningful letter of recommendation. Nonetheless, attendance is entirely up to you. I believe that you should make choices to maximize your utility.

DETERMINATION OF FINAL GRADE

I promise to do my best to make the course requirements as clear as possible. If anything is unclear, then it is *your* responsibility to ask me or the TA for clarification. I am also delighted to respond to any questions both in and out of class throughout the semester to help you succeed in this course. Ultimately, however, the grade that you earn in this course is *your* responsibility. Please note that I do not *give* you a grade; rather, you *earn* a grade. You know what grade you need to earn or want to earn for the purposes of honors, graduation, major and minor requirements, and so forth. If, at the end of the semester, you have not earned the grade that you initially set your sights on, I will commiserate with you. I will even shed a tear as I try to console you. But the one thing that I absolutely will NOT do is change your grade because the grade you want is different from the grade that you earned. Note that this policy applies equally to graduating seniors! Again, it is up to you to put forth the effort to earn the grade that you desire.

POLICY MATTERS

The University requires that I set out my policies on certain matters so you will be fully informed about my expectations.

1. You are required to comply with the University's honesty policy regarding cheating and the use of copyrighted materials.
2. Each class is a business meeting. You should be prompt and prepared. Please turn off your cell phone to avoid distracting your classmates (and me!). All cell phones are to be put away. If you insist on monitoring your phone for voice mail or text messaging, you will be asked to leave the room. Being unconnected for 100 minutes or so will not prove to be fatal.
3. Students with disabilities who require classroom accommodation should contact me early in the semester, so we can discuss individual needs.
4. Please check your e-mail for announcements. This is *your* responsibility.
5. You have one week to appeal the grades that you receive. If you do not begin the appeal process by that date, your grade will be final. Any appeal must begin with your contacting me by e-mail. If you appeal your grade, the assignment will be re-graded in its entirety. The result may be that your grade may go up or it may go down depending upon the circumstances.

COURSE OUTLINE

This outline will give you a rough road map for the course. This is ambitious (to say the least) since there is a lot of law and economics to cover. If we all work hard, we can accomplish a lot.

READING ASSIGNMENTS

Read your textbook. There is a lot of good information here that will help you with your exams. The following assignments are tentative, but you should keep pace so you will not have to scramble to prepare for exams. Moreover, the lectures will mean a lot more if you are prepared.

Suggested Homework Problems

The following suggestions are introduced to improve your understanding of the course material. They need not be turned in—you are on your own to decide how best to allocate your time.

1/06: Introduction – B&K: 2 & 3

- Syllabus
- Economic foundation

1/08: Antitrust Laws – B&K 4

- Sherman Act
- Clayton Act

1/13: Private Enforcement – B&K 5

- §4 Clayton Act
- Settlements

1/15: Private Enforcement – B&K 5

- Estimation of damages

1/20: MLK Day

1/22: Career Showcase

1/27: Private Enforcement – B&K 5

- *State Farm*

1/29: Antitrust Building Blocks – B&K 6

- Market power

- Monopoly
- Monopsony

2/03: Antitrust Building Blocks – B&K 6

- Market definition

2/05: Monopoly – B&K 7 & 8 and Blair handouts

- §2 Sherman Act
- Extension to monopsony
- Economic theory

2/10: Monopoly - B&K 7 & 8 and Blair handouts

- *Grinnell* test
- *Spectrum Sports* test

2/12: Monopoly - B&K 7 & 8 and Blair handouts

- Monopolizing practices

2/17: Monopsony – Blair handouts

- Theory of monopsony

2/19: Monopsony –Blair handouts

- Antitrust issues in monopsony

2/24: Cartel Theory – B&K 9

- Collusive monopoly

2/26: Cartel Theory – Blair handout

- Collusive monopsony

3/2-3/6: Spring Break

3/09: Antitrust Treatment of Cartels and Collusion on Non-Price Issues - B&K 10

- The legal treatment of cartels

3/11: Antitrust Treatment of Cartels and Collusion on Non-Price Issues – B&K 10

- Collusion on non-price variables

3/16: Antitrust Treatment of Cartels and Collusion on Non-Price Issues – B&K 10

- Private damage actions

3/18: Oligopoly and Tacit Collusion – B&K 11

- Economic Theory

3/23: Oligopoly and Tacit Collusion – B&K 11

- Antitrust policy

3/25: Horizontal Mergers – B&K 12

- §7 Clayton Act
- Supreme Court precedents

3/30: Horizontal Mergers – Blair handout

- The 2010 Horizontal Merger Guidelines

4/01: Vertical Integration Theory – B&K 14 and Blair handout

- Fixed proportions
- Variable proportions

4/06: Vertical Integration Theory – B&K 14 and Blair handout

- Continuation

4/08: Vertical Mergers – B&K 15

- Legal treatment
- Market foreclosure

4/13: Vertical Price Controls – B&K 16

- Maximum resale prices
- Economic theory
- Antitrust treatment

4/15: Vertical Price Controls – B&K 17

- Resale price maintenance

4/20: Tying – B&K 18

- Economic theory
- Antitrust treatment

4/22: Exclusive Dealing – B&K 20

- Economic theory
- Antitrust treatment