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ECP4403
GOVERNMENT REGULATION OF BUSINESS
Spring 2023
MW 3RD & 4TH

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Class Location: Matherly Hall 014

Class Meeting Time: Monday and Wednesday, 3rd and 4th periods

Course Textbook (required): *Antitrust Economics*, 2d Ed. by Roger D. Blair and David L. Kaserman, and handouts provided on Canvas.

Course Description:

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.

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.

Class Modality:

This is a fully in-person course. Lectures will not be streamed nor recorded. All midterm exams will take place in person, during our scheduled class times.

Grading:

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– 89.99
B+:	83 – 86.99
B:	80 – 82.99
B-:	77 – 79.99
C+:	73 – 76.99
C:	70 – 72.99
C-:	67 – 69.99
D+:	63 – 66.99
D:	60 – 62.99
D-:	57 – 59.99
E:	0 – 56.99

The scale listed above is firm. Final course grades will not be rounded.

Make-up assignments and exams will be arranged *only* for absences that are explicitly covered by the [UF Attendance Policy](#). Whenever possible, you should reach out at least five business days in advance to arrange a make-up assignment or exam. Of course, this will not always be possible. Unforeseen absences and emergencies occur and can be excused without such advance notice. In most cases, you will be asked to provide evidence or documentation of an absence that is

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explicitly excused by the [UF Attendance Policy](#). Absences related to religious holidays and worship do not require this documentation.

The above grading policies are consistent with UF policies regarding grade determination. This information can be found at: <https://catalog.ufl.edu/ugrad/current/regulations/info/grades.aspx>

Determination of Final Grade:

There will be three exams during the semester. Each exam is worth 1/3 of your final grade. These are scheduled as follows:

Exam 1: February 13

Exam 2: March 22

Exam 3: April 26

Please clear your calendar for these events. The exams will be given during the regularly scheduled class period, and will involve solving problems and writing short essays. There will be no true-false, multiple choice, matching, or fill in the blank questions. You will have to explain your reasoning. An unsupported correct answer will not receive full credit.

Note: You will have one week following the return of these exams to initiate an appeal of your grade. You will have to initiate this appeal by contacting me during office hours, or via email. If you appeal your grade, the exam will be re-graded in its entirety. The result may be that your exam grade may go up or it may go down depending upon the circumstances. At the end of one week, un-appealed grades are final. The only exception is if I added up the scores incorrectly.

Note: 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.

Suggested Homework:

I will provide some practice problems for nearly every lecture, but these will not be graded. I recommend that you complete these problems, as they will resemble problems that I give on the exams.

Professionalism and Honor Code:

Students are bound to not cheat or plagiarize, and are bound by The Honor Pledge which states, “We, the members of the University of Florida community, pledge to hold ourselves and our peers to the highest standards of honor and integrity by abiding by the Honor Code. On all work submitted for credit by students at the University of Florida, the following pledge is either required or implied: ‘On my honor, I have neither given nor received unauthorized aid in doing this assignment.’”

You should familiarize yourself with the [UF Student Honor Code](#). Cheating and plagiarism are not the only violations of this policy. Importantly, ignorance of a policy is not a valid reason for violating it.

Students Requiring Accommodations:

Students with disabilities requesting accommodations should first register with the Disabilities Resource Center (392-8565; <https://disability.ufl.edu/>), providing appropriate documentation. Once registered, students will receive an accommodation letter that can be presented to the instructor when requesting accommodations. Please register at the beginning of the course if seeking accommodations.

Course Evaluation:

Students are expected to provide professional and respectful feedback on the quality of instruction in this course by completing course evaluations online via GatorEvals. Students will be notified when the evaluation period opens, and can complete evaluations through the email they receive from GatorEvals, in their Canvas course menu under GatorEvals, or via ufl.bluera.com/ufl/.

UF Teaching Center:

The UF Teaching Center offers guidance on study skills and tutoring services. You can find more information at: <https://umatter.ufl.edu/office/teaching-center/>.

Health Counseling and Emergencies:

U Matter, We Care:

If you or a friend is in distress, please contact umatter@ufl.edu or 352 392-1575 so that a team member can reach out to the student.

Counseling and Wellness Center: <http://www.counseling.ufl.edu/cwc>, and 392-1575; and the University Police Department: 392-1111 or 9-1-1 for emergencies.

Sexual Assault Recovery Services (SARS)
Student Health Care Center, 392-1161.

University Police Department at 392-1111 (or 9-1-1 for emergencies), or <http://www.police.ufl.edu/>.

Additional Classroom Policies:

1. 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.
2. Please check your e-mail and Canvas page regularly for announcements. This is *your* responsibility.
3. At the end of the semester, I will return Exam 3 as well as your final course grade on Canvas. On May 4th, I will be available in our classroom between 1:00 and 2:30PM to discuss the exam and resolve any grading issues. After that day, I will *not* respond to any e-mail messages requesting information about course grades or exam grades. You will have to make an appointment to see me in my office.

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 to cover. If we all work hard, we can accomplish a lot.

Read your textbook. There is a lot of good information here that will help you with your exams. The following lecture 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.

January 9: Class 1 – Introduction to Antitrust

Syllabus
The Case for Competition

Readings:
Syllabus
Previous Student Comments
B&K Pages: 22-23, 36-37

January 11: Class 2 – Antitrust Policy

Readings:
B&K Pages: 46-61, 62-66

January 16: MLK Day – No Class

January 18: Career Showcase – No Class

January 23: Class 3 – Private Enforcement

Readings:
B&K Pages: 71-86, 90-92

January 25: Class 4 – Monopoly (Part I)

Monopoly
a. Brief survey of law
b. *Grinnell* Test
c. Market definition

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d. Market power

Readings:

B&K Pages: 118-134

January 30: Class 5 – Monopoly (Part II)

Readings:

B&K Pages: 94-116

February 1: Class 6 – Monopolizing Conduct

Monopolizing Conduct

- a. Predatory pricing
- b. Bundled discounts

Readings:

B&K Pages: 145-165

Blair and Knight (Bundled Discounts)

February 6: Class 7 – Attempted Monopolization

Readings:

B&K Pages: 139-143

February 8: Class 8 – Dominant Firms

Readings:

B&K Pages: 38-39

February 13: Exam 1 (Lectures 1-8)

February 15: Class 9 – Two-Sided Markets

Readings:

B&K Pages: N/A

Epic Games v. Apple Materials

Rysman Article

February 20: Class 10 – Price-Fixing Cartels (Part I)

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Price Fixing Cartels

- a. Theory
- b. Brief legal survey

Readings:

B&K Pages: 178-188

February 22: Class 11 – Price-Fixing Cartels (Part II)

Readings:

B&K Pages: 190-199

February 27: Class 12 – Horizontal Restraints

Horizontal Restraints

- a. Market division
- b. Boycotts
- c. Quality degradation
- d. Information exchanges

Readings:

B&K Pages: 202-218

March 1: Class 13 – Oligopoly and Tacit Collusion

Readings:

B&K Pages: 227-251

March 6: Class 14 – Horizontal Mergers

Horizontal Mergers

- a. Competitive concerns
- b. Merger guidelines
- c. Williamson Tradeoff

Readings:

B&K Pages: 253-254, 256-287

Horizontal Merger Guidelines

March 8: Class 15 – Monopsony

Monopsony

- a. Model
- b. Welfare issues
- c. *Weyerhaeuser*

Readings:

B&K Pages: N/A

Blair and Durrance Article

Alderman and Blair Article

March 13: Spring Break – No Class

March 15: Spring Break – No Class

March 20: Class 16 – Collusive Monopsony (Part 1)

Collusive Monopsony

- a. Economic theory
- b. DOJ/FTC *Guidance*
- c. Examples

Readings:

B&K Pages: N/A

Blair and Durrance Article

Alderman and Blair Article

DOJ-FTC HR Guidance

March 22: Exam 2 (Lectures 9-16)

March 27: Class 17 – Collusive Monopsony (Part 2)

Readings:

B&K Pages: N/A

Bhaskar, Manning, and To Article

March 29: Class 18 – Oligopsony and Horizontal Mergers

Oligopsony

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- a. Dominant buyers
- b. Oligopsony (Cournot)
- c. Tacit collusion

Horizontal Mergers

- a. Merger to monopsony
- b. DOJ/FTC Guidelines

Readings:

B&K Pages: N/A

Blair Article

April 3: Class 19 – Bilateral Monopoly

Bilateral Monopoly

- a. Economic theory
- b. Contract solution
- c. Merger solution
- d. Antitrust issues

Readings:

B&K Pages: N/A

Blair and DePasquale Article

April 5: Class 20 – Vertical Integration (Part I)

Vertical Integration

- a. Economic theory
- b. Competitive concerns

Readings:

B&K Pages: 313-320

April 10: Class 21 – Vertical Integration (Part II)

Readings:

B&K Pages: 320-339

April 12: Class 22 – Vertical Merger Policy

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Vertical Mergers

- a. DOJ/FTC Guidelines
- b. Market foreclosure
- c. *Illumina-Grail* example

Readings:

B&K Pages: 341-356

VM Guidelines

Alderman and Blair Article

April 17: Class 23 – Vertical Price Fixing

Vertical Price Fixing

- a. Maximum
- b. Minimum

Readings:

B&K Pages: 358-370, 372-381, 382-384 (Dr. Miles), 384-386 (Colgate)

Leegin Decision

April 19: Class 24 – Tying

Readings:

B&K Pages: 391-420

April 24: Class 25 – Review Day

April 26: Exam 3 (Lectures 17-25)