

**ECP 4403
GOVERNMENT REGULATION OF BUSINESS
Fall 2021**

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CLASS: Periods 3-4 M&W, MAT 002

OFFICE HOURS: Immediately after class or 1:00-3:00pm M&W via phone: Blair
9am-12pm F: Mitchell Babka

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 3 exams and attendance. Each exam is worth 1/3 of your final grade, and then points will be deducted from your final grade for absences. I will go into further detail below.

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

EXAMS

There will be three exams during the semester. These are scheduled as follows:

Exam 1: September	27
Exam 2: November	1
Exam 3: December	8

Please clear your social calendar for these events. The exams will be given during the regularly scheduled class period and each will be worth 1/3 of your final grade. If you have an excused absence, exams can be made up at a mutually agreed date.

These exams 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. You may find it frustrating when everything you write is correct, but you lose points because your explanation is incomplete. On the flip side, if you reach the wrong conclusion, but if your reasoning demonstrates some understanding of the material, you can get partial credit. That is the nature of essay exams.

ATTENDANCE

I expect you all to attend class and will deduct points for absences. After 2 freebies I will deduct a $\frac{1}{2}$ point from your final grade for every unexcused absence. I will take attendance at 9:35am every morning. If you are late, you are absent. 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 on the exams 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.

HOMEWORK ASSIGNMENTS

At the end of each chapter, there are a number of problems and questions. I have recommended some of them on the course outline below. You should review these to see if you understand the text material. The more of these you do the better your exam performance will be. Every Friday, Mitchell will hold office hours in Matherly 339. At this time, Mitchell will go over these suggested homework problems and answer any questions regarding the lecture material for the week.

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 Mitchell 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.

COVID POLICIES

Disclaimer: Due to these ever-changing times, these policies are subject to change as the policies of the university are updated. These guidelines and recommendations come directly from UF administration.

1. **Effective immediately, in light of new guidance from the Centers for Disease Control and Prevention, we expect everyone to wear a mask at all times when inside any UF facility, even if you are vaccinated. This includes our students, faculty, staff, vendors and visitors. Recent studies and guidance from the CDC state that both unvaccinated and vaccinated individuals can transmit the current COVID-19 variant to unvaccinated persons.**

2. **While I cannot require vaccination, I urge you to protect yourself and those around you by getting vaccinated. If you are not vaccinated, get vaccinated. Vaccines are readily available at no cost and have been demonstrated to be safe and effective against the COVID-19 virus. Our UF Health experts tell us that even if you've had COVID-19, you still need to get vaccinated. Having had COVID does not provide nearly as much protection as the vaccine. Visit this link for details on where to get your shot, including options that do not require an appointment:
<https://coronavirus.ufhealth.org/vaccinations/vaccine-availability/>.<<https://click.info.gator360.ufl.edu/?qs=0b56e4def947a70b4fbfecd13988925985d0fad6b97461fb859ed1a3a1a7910771982066d132aabff5ff037b410519d0f3cd6d3c8946818076c0ce193796a5ce>>.
 Students who receive the first dose of the vaccine wherever they are currently can still receive their second dose on campus.**

3. **If you are sick, stay home and self-quarantine. Please visit the UF Health Screen, Test & Protect website about next steps, retake the questionnaire and schedule your test for no sooner than 24 hours after your symptoms began. Please call your primary care provider if you are ill and need immediate care. UF Health Screen, Test & Protect offers guidance when you are sick, have been exposed to someone who has tested positive or have tested positive yourself. Visit the UF Health Screen, Test & Protect website for more information.**

4. **If a student is fully vaccinated (i.e., 14 days after a J&J dose or 14 days after a second Pfizer or Moderna dose) and comes into close contact with a known COVID case: Please call UF Health Screen, Test & Protect for guidance or report your exposure on the ONE.UF<<https://one.ufl.edu/>> health screener if you are fully vaccinated and were exposed to a COVID-19 case. You will not be considered a contact if you come in close contact**

to someone with COVID-19, but you should monitor yourself for COVID-19 symptoms. Maintain monitoring for 14 days following an exposure. If a student is not fully vaccinated and comes into close contact with a known COVID case: The quarantine period is 14 days; however, if you have not developed any COVID-19-like symptoms after 10 days, you can end your quarantine period early if you agree to the following guidelines and action steps:

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. I will go over the exams on the day that they are returned. 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 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.**
- 6. At the end of the semester, I will return Exam 3 as well as your final course grade on Canvas. On December 16th, I will be available in our classroom between 3:00 and 5:00PM 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.**
- 7. Students are allowed to record video or audio of class lectures. However, the purposes for which these recordings may be used are strictly controlled. The only allowable purposes are (1) for personal educational**

use, (2) in connection with a complaint to the university, or (3) as evidence in, or in preparation for, a criminal or civil proceeding. All other purposes are prohibited. Specifically, students may not publish recorded lectures without the written consent of the instructor.

A "class lecture" is an educational presentation intended to inform or teach enrolled students about a particular subject, including any instructor-led discussions that form part of the presentation, and delivered by any instructor hired or appointed by the University, or by a guest instructor, as part of a University of Florida course. A class lecture does not include lab sessions, student presentations, clinical presentations such as patient history, academic exercises involving solely student participation, assessments (quizzes, tests, exams), field trips, private conversations between students in the class or between a student and the faculty or lecturer during a class session.

Publication without permission of the instructor is prohibited. To "publish" means to share, transmit, circulate, distribute, or provide access to a recording, regardless of format or medium, to another person (or persons), including but not limited to another student within the same class section. Additionally, a recording, or transcript of a recording, is considered published if it is posted on or uploaded to, in whole or in part, any media platform, including but not limited to social media, book, magazine, newspaper, leaflet, or third party note/tutoring services. A student who publishes a recording without written consent may be subject to a civil cause of action instituted by a person injured by the publication and/or discipline under UF Regulation 4.040 Student Honor Code and Student Conduct Code.

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 suggested homework problems 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. These questions come directly from my old exams, and are formatted similarly to those which you will see on my exams this year. I do not have prepared solutions for you, but the TA will discuss the answers during office hours. Don't be bashful, just ask.

COURSE OUTLINE

Aug 23: Lecture 1

Review Syllabus, Introduction to Antitrust
B&K: 2,3

Aug 25: Lecture 2

The Case for Competition
B&K: 4

Aug 30: Lecture 3

The Antitrust Laws
B&K: 4

Sept 1: Lecture 4

Private Enforcement
B&K: 5

Sept 6: Labor Day

Sept 8: Lecture 5

Monopoly I
B&K: 6,7

Sept 13: Lecture 6

Monopoly II
B&K: 7,8

Sept 15: Lecture 7

U.S. v. Google
Handouts

Sept 20: Lecture 8

Weyerhaeuser Co. v. Ross-Simmons Hardwood Lumber Company
Handouts

Sept 22: Lecture 9

Private Damages in Monopoly and Monopsony
Lecture Notes

Sept 27: EXAM 1

The exam will cover the material in chapters 1-8, the class notes, any handouts, and my lectures.

Sept 29: Lecture 10

Cartels I
B&K: 9

Oct 4: Lecture 11

Cartels II
B&K: 10

Oct 6: Lecture 12

Collusive Monopsony
Handouts

Oct 11: Lecture 13

Damages in Cartel Cases
Handouts

Oct 13: Lecture 14

Oligopoly and Tacit Collusion
B&K: 11

Oct 18: Lecture 15

Horizontal Mergers
B&K: 12

Oct 20: Lecture 16

Mergers – Monopsony
Handouts

Oct 25: Lecture 17

Horizontal Merger Policy
Horizontal Merger Guidelines

Oct 27: Lecture 18

The Theory of Vertical Integration
B&K: 14

Nov 1: EXAM 2

The exam will cover the material in chapters 9-12, 14, the class notes, any handouts, and my lectures.

Nov 3: Lecture 19

Vertical Merger Policy
B&K: 15, Vertical Merger Guidelines, Notes on Raising Rival Costs

Nov 8: Lecture 20

Vertical Integration and Vertical Mergers
B&K: 14,15, Vertical Merger Guidelines

Nov 10: Lecture 21

Vertical Price Restraints

B&K: 16,17

Nov 15: Lecture 22

Resale Price Maintenance

B&K: 17, Leegin Creative Leather Products v. PSKS

Nov 17: Lecture 23

Tying Contracts

B&K: 18

Nov 22: Lecture 24

Exclusive Dealing

B&K: 19

Nov 24: Turkey Day Break

Nov 29: Lecture 25

Bilateral Monopoly

Handout

Dec 1: Catch-Up Day

Dec 6: Review Day

Dec 8: EXAM 3

The exam will cover the material in chapters 14-18, the class notes, any handouts, and my lectures.