

**ECP 4403  
GOVERNMENT REGULATION OF BUSINESS  
Fall 2019**

**INSTRUCTOR:** Roger Blair  
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**TA:** Anita Walsh  
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**CLASS:** Periods 3-4 M & W, MAT 002

**OFFICE HOURS:** 1:00-2:30pm MW – Blair  
10:00-12:00PM F – Walsh

**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, a project and attendance. The 3 exams make up the majority of your grade, each being worth 30%. the project will count for 10% of your grade. Finally, 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:

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

## EXAMS

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

<b>Exam 1: September</b>	<b>23</b>
<b>Exam 2: October</b>	<b>28</b>
<b>Exam 3: December</b>	<b>4</b>

Please clear your social calendar for these events. The exams will be given during the regularly scheduled class period and each will be worth 30% 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.

## PROJECT

The purpose of this project is to give you an opportunity to fully analyze an antitrust case. You will write a memorandum to me, as your supervisor, on a specific antitrust case. You should assume that I know little, if anything, about economics or competition policy, but am generally intelligent and a quick study. Grades on these projects will depend on the quality of the analysis presented. There will be no payoff for length, although I expect it to be at least 3-5 pages. The inclusion of largely irrelevant material will result in a grade reduction. Logic, clarity, and economic analysis are the important determinants of the grades. Working together is not allowed.

*Apple INC. v. Pepper*

Your memo on *Apple* should address in essay form, the following questions:

1. Who is the plaintiff?
2. Who is the defendant?
3. What are the relevant markets? What is the evidence of market power?
4. What is the alleged antitrust violation?
5. What was the court's conclusion? What was the basis for its conclusion? Do you agree with the court's conclusion? Why or why not?

**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 and will deduct points for absences. After 2 freebies I will deduct a ½ 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, the TA will hold office hours in 224A Matherly. At this time, she 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 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. 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 on December 9<sup>th</sup> in our classroom between 3:00 and 5:00PM and inform you of your final grade. 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 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. I do not have prepared solutions for you, but the TA will discuss the answers during office hours. Don't be bashful, just ask.

Date	Topic	Chapter	Homework
Aug 21	Introduction; Competition and Monopoly	2 & 3	2: 7, 9, 13, 15, 18 3: 3, 5, 8, 9, 11, 21
Aug 26	Antitrust Laws	4	5, 8, 9, 13, 15, 16
Aug 28	Private Enforcement – <i>State Farm</i>	5	1, 3, 6, 13, 20, 21
Sept 2	LABOR DAY		
Sept 4	Antitrust Building Blocks – Market Definition and Measuring Market Power	6, handouts	5, 6, 7, 10, 12
Sept 9	Monopoly/Attempted Monopoly – <i>Pepper v.</i>	7,	2, 4, 10, 11, 13, 16

	<i>Apple</i>	handouts	
<b>Sept 11</b>	Monopsony/Attempted Monopsony - <i>Kamakahi</i>	Handouts	
<b>Sept 16</b>	Exclusionary Practices - <i>AMEX</i>	8	1,4
<b>Sept 18</b>	Catch up Day		
<b>Sept 23</b>	<b>EXAM 1:</b> the exam will cover the material in chapters 2-8, the class notes, any handouts, and my lectures.	2-8, handouts	
<b>Sept 25</b>	CAREER SHOWCASE		
<b>Sept 30</b>	Collusion – Section 1 of the Sherman Act	9	1, 3, 5, 7, 12, 17, 18
<b>Oct 2</b>	Economics of Collusion by Sellers - <i>Actavis</i>	Handouts	
<b>Oct 7</b>	Collusion by Buyers; Economic theory and damages - <i>Duke</i>	Handouts	
<b>Oct 9</b>	NCAA Cartel	Handouts	
<b>Oct 14</b>	Oligopoly/Oligopsony – Insulin case	11	6, 8, 10, 12, 13
<b>Oct 16</b>	Tacit collusion	11 & Handouts	6, 8, 10, 12, 13
<b>Oct 21</b>	Mergers	12	1, 2, 6, 7, 10, 12, 16, 18, 21
<b>Oct 23</b>	Catch up Day		
<b>Oct 28</b>	<b>EXAM 2:</b> the exam will cover the material in chapters 9-12, the class notes, any handouts, and my lectures.	9-12, handouts	
<b>Oct 30</b>	Vertical Integration	14 & Handouts	2, 4, 7, 9, 12, 13
<b>Nov 4</b>	Vertical Integration	14 & Handouts	2, 4, 7, 9, 12, 13
<b>Nov 6</b>	Vertical Mergers – AT&T-Time Warner, CVS-Aetna	15 & Handouts	1, 4, 5, 6, 7
<b>Nov 11</b>	VETERAN’S DAY		
<b>Nov 13</b>	Maximum RPM – <i>State Oil v. Khan</i>	16	
<b>Nov 18</b>	Minimum RPM – <i>Leegin v. PSKS Inc</i>	17	1, 2, 5, 6, 8, 10, 13
<b>Nov 20</b>	Tying	18	1, 4, 6, 8, 10, 12, 13, 15
<b>Nov 25</b>	Exclusive Dealing	20	
<b>Nov 27</b>	TURKEY DAY		
<b>Dec 2</b>	Catch up Day		
<b>Dec 4</b>	<b>EXAM 3:</b> the exam will cover the material in chapters 14-18, 20, the class notes, any handouts, and my lectures.	14-18, 20, handouts	