

Economics 353
Industrial Organization - Competition and Antitrust
Fall 1999

Professor Frank Gollop
Office Hours: Tuesday and Thursday 3:00-4:30

McGuinn 519

Text: Waldman, Don E. and Elizabeth J. Jensen. Industrial Organization: Theory and Practice. Reading, MA: Addison-Wesley, 1998.
(Copies of other required readings will be distributed in class.)

COURSE CALENDAR

I.	Introduction	Sept 2
II.	Microeconomics: Competition vs. Monopoly	Sept 2-7
III.	Antitrust Policy - Overview	Sept 9
IV.	Monopoly and Dominant Firm Behavior	
	- Market Concentration and Barriers to Entry	Sept 14
	- Game Theory	Sept 16
	- Traditional Marginal Analysis	
	Price Leadership	Sept 21
	Pricing to Deter Entry	Sept 23
	Non-Price Strategies to Deter Entry	Sept 28
	- Antitrust Cases	Sept 30
	FIRST MIDTERM	Oct 5
V.	Oligopoly: Interdependence and Non-Cooperative Games	
	- Traditional Marginal Analysis	Oct 5-7
	- Game Theory	Oct 12-14
	- Antitrust Cases	Oct 19
VI.	Oligopoly: Collusion and Cooperative Games	
	- Game Theory	Oct 21
	- Methods of Achieving a Collusive Outcome	Oct 26
	- Antitrust Cases	Oct 28
	SECOND MIDTERM	Nov 2
VII.	Horizontal Mergers and Takeovers	Nov 4-9
VIII.	Price Discrimination	Nov 11
IX.	Predatory Pricing	Nov 16-18
X.	Vertical Mergers and Restraints	
	- Vertical Integration	Nov 23
	- Tying and Exclusive Dealing	Nov 23-30
	- Territorial and Customer Restrictions and RPM	Dec 2-7
	TERM PAPERS DUE	Dec 7

Course Grade:	First Midterm	20%
	Second Midterm	25%
	Term Paper	15%
	Final	40%

COURSE SYLLABUS

I. Introduction

Waldman and Jensen, Chapter 1.

II. Microeconomics: Competition vs. Monopoly

Waldman and Jensen, Chapter 2, especially pp. 32-47. (For additional review of microeconomic theory, consult any intermediate micro text chapters on production theory, competitive equilibrium, and monopoly.)

III. Antitrust Policy – Overview

Waldman and Jensen, Chapter 18 (pp. 465-70).
 Mueller, D.C., "Lessons from the United States's Antitrust History," International Journal of Industrial Organization, 14 (June 1996), pp. 415-28 and 435-39.
 Barnes, David W., "Antitrust, the Rule of Reason, and Democracy," Review of Industrial Organization (March 1999), pp. 115-22.

IV. Monopoly and Dominant Firm Behavior

Market Concentration and Barriers to Entry:

Waldman and Jensen, Chapters 4 and 5 (pp. 98-102, 108-17, and 122-28).

Game Theory:

Waldman and Jensen, Chapter 6 (pp. 135-38; 144-46).

Dixit, Avinash, "Recent Developments in Oligopoly Theory," AEA Papers and Proceedings, 72 (May 1982), pp. 12-17.

Traditional Marginal Analysis:

Price Leadership:

Waldman and Jensen, Chapter 7 (pp. 169-75).

Pricing to Deter Entry:

Waldman and Jensen, Chapter 10 (pp. 232-42).

Non-Price Strategies to Deter Entry:

Waldman and Jensen, Chapter 11 (pp. 261-67 and 273-80).

"Too Many Cereals for the FTC," Business Week, March 20, 1978.

Rosenbaum, David and Meng-Hua Ye, "Attempts to Monopolize and the Determination of Specific Intent," Quarterly Review of Economics and Finance, 32 (Spring 1992), pp. 50-55 and 64.

Antitrust Cases:

- Waldman and Jensen, Chapters 10 (pp. 242-44) and 18 (pp. 470-78)
- Granitz, E. and B. Klein. "Monopolization by 'Raising Rivals' Costs': The Standard Oil Case," Journal of Law and Economics, 39 (April 1996), pp. 1-45.

V. Oligopoly: Interdependence and Non-Cooperative Games

Traditional Marginal Analysis:

- Waldman and Jensen, Chapter 7 (pp. 149-58 and 161-69).

Game Theory:

- Waldman and Jensen, Chapter 6 (pp. 139-44).

VI. Oligopoly: Collusion and Cooperative Games

Game Theory:

- Waldman and Jensen, Chapter 8.

Methods of Achieving a Collusive Outcome:

- Waldman and Jensen, Chapter 9.

Antitrust Cases:

- Waldman and Jensen, Chapters 19 (pp. 482-96) and 22 (pp. 561-62).

VII. Horizontal Mergers and Takeovers

- Waldman and Jensen, Chapter 20 (pp. 504-12, 513-19, and 525-27).

VIII. Price Discrimination

- Waldman and Jensen, Chapters 15 and 21.

IX. Predatory Pricing

- Waldman and Jensen, Chapter 10 (pp. 245-52).

X. Vertical Mergers and Restraints

Vertical Integration:

- Waldman and Jensen, Chapters 16 and 20 (pp. 512, 520-21).

Tying and Exclusive Dealing:

- Waldman and Jensen, Chapter 22 (pp. 548-54).
- Marvel, H., "Exclusive Dealing," Journal of Law and Economics, 25 (April 1982), pp. 1-25.

Territorial and Customer Restrictions and RPM:

Waldman and Jensen, Chapter 22 (pp. 554-61).

Stewart, David and Scott Nelson, "Upholding Vertical Restraints," ABA Journal (July 1, 1988), pp. 36-43.

Ippolito, P. and T. Overstreet, "RPM: An Economic Assessment of the FTC's Case Against the Corning Glass Works," Journal of Law and Economics, 39 (April 1996), pp. 285-322.