

Economics 353
Industrial Organization - Competition and Antitrust
Spring 2002

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, 2001.
(Copies of other required readings will be distributed in class.)

COURSE CALENDAR

I.	Introduction	Jan 15
II.	Microeconomics: Competition vs. Monopoly	Jan 15-17
III.	Antitrust Policy - Overview	Jan 22
IV.	Monopoly and Dominant Firm Behavior	
	- Market Concentration and Barriers to Entry	Jan 24
	- Game Theory	Jan 29
	- Traditional Marginal Analysis	
	Price Leadership	Jan 31
	Pricing to Deter Entry	Feb 5
	Non-Price Strategies to Deter Entry	Feb 7
	- Antitrust Cases	Feb 12
	FIRST MIDTERM	Feb 14
V.	Oligopoly: Interdependence and Non-Cooperative Games	
	- Traditional Marginal Analysis	Feb 14-19
	- Game Theory	Feb 21-26
	- Antitrust Cases	Feb 28
VI.	Oligopoly: Collusion and Cooperative Games	
	- Game Theory	Mar 12
	- Methods of Achieving a Collusive Outcome	Mar 14
	- Antitrust Cases	Mar 19
	SECOND MIDTERM	Mar 21
VII.	Horizontal Mergers and Takeovers	Mar 26 – Apr 2
VIII.	Price Discrimination	Apr 4
IX.	Predatory Pricing	Apr 9-11
X.	Vertical Mergers and Restraints	
	- Vertical Integration	Apr 16
	- Tying and Exclusive Dealing	Apr 16-23
	- Territorial and Customer Restrictions and RPM	Apr 25-30
	TERM PAPERS DUE	Apr 30

COURSE GRADE:	First Midterm	15%
	Second Midterm	25%
	Term Paper	20%
	Final	40%

COURSE SYLLABUS

I. Introduction

Waldman and Jensen, Chapter 1.

II. Microeconomics: Competition vs. Monopoly

Waldman and Jensen, Chapter 2, especially pp. 34-51. (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. 557-62).

Kovacic, William E. and Carl Shapiro, “Antitrust Policy: A Century of Economic and Legal Thinking,” The Journal of Economic Perspectives, 15 (Winter 2000), pp. 43-60.

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 (pp. 90-102 and 113-19) and 5 (pp. 126-32, 137-47, and 152-59).

Game Theory:

Waldman and Jensen, Chapter 6 (pp. 167-70; 177-79).

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. 212-18).

Pricing to Deter Entry:

Waldman and Jensen, Chapter 10 (pp. 278-91).

Non-Price Strategies to Deter Entry:

Waldman and Jensen, Chapter 11 (pp. 318-27 and 334-42).

"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. 291-93) and 18 (pp. 562-69).

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. 183-93, 195-96, and 204-12).

Game Theory:

Waldman and Jensen, Chapter 6 (pp. 171-77).

VI. Oligopoly: Collusion and Cooperative Games

Game Theory:

Waldman and Jensen, Chapter 8.

Methods of Achieving a Collusive Outcome:

Waldman and Jensen, Chapter 9.

Genesove, David and Wallace Mullin, "Rules, Communication, and Collusion: Narrative Evidence from the Sugar Institute Case," The American Economic Review, 91 (June 2001), pp. 379-98.

Antitrust Cases:

Waldman and Jensen, Chapter 19 (pp. 569-82).

VII. Horizontal Mergers and Takeovers

Waldman and Jensen, Chapters 4 (pp. 102-09 and 111-13) and 19 (pp. 590-94 and 598-601).

VIII. Price Discrimination

Waldman and Jensen, Chapters 14 (pp. 436-45 and 455-62) and 19 (pp. 601-11).

IX. Predatory Pricing

Waldman and Jensen, Chapter 10 (pp. 294-301).

X. Vertical Mergers and Restraints

Vertical Integration:

Waldman and Jensen, Chapters 15, 4 (pp. 109-10), and 19 (pp. 594-96).

Tying and Exclusive Dealing:

Waldman and Jensen, Chapter 19 (pp. 611-17).

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 19 (pp. 617-22).

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.