Industrial Organization, Antitrust, and Regulation

OFFICE: 248 Holden Hall

OFFICE HRS: 1:00 pm – 1:50 am MWF
and by appointment

PHONE: 834-7275

COURSE WEBSITE: http://www.webpages.ttu.edu/kbecker/ECO3326/ECO3326Home.html


EXAMS: 5 exams will be given during the term, 4 “regular” exam, 1 “make-up” exam, and a comprehensive final exam.

Exam I: 15%
Exam II: 15%
Exam III: 15%
Final Exam: 35%

Students who have taken all 3 “regular” exams during the term do not have to take the “make-up” exam, but may do so if they want to improve their grade. There absolutely will be no “make-up exam” for the make-up exam.

An unspecified number of unannounced quizzes will be given during the term. These quizzes will count for 20% of your course grade. Missed quizzes cannot be made up.

GRADING:

In case a student misses one of the 3 “regular” exams, the “make-up” exam will count for 15% of the course grade. In case 2 “regular” exams were missed the “make-up” exam counts for 30% of the course grade. If all 3 “regular” exams were missed the “make-up” counts for 45% of the course grade. As mentioned above, missed quizzes cannot be made up. There is no extra credit offered in this course.

A total score of 90 points or more guarantees an “A” for the course. 80 - 89 points guarantees a “B”, 70 - 79 a “C”, 60 - 69 a “D”, and 59 or less points would be an “F”. Any “curving” of this grading scale (if applicable) will be announced at the end of the semester.
**Students with Disability:**

Any student who, because of a disability, may require special arrangements in order to meet the course requirements should contact the instructor as soon as possible to make any necessary arrangements. Students should present appropriate verification from Student Disability Services during the instructor's office hours. Please note instructors are not allowed to provide classroom accommodations to a student until appropriate verification from Student Disability Services has been provided. For additional information, you may contact the [Student Disability Services office at 335 West Hall or 806-742-2405](http://www.depts.ttu.edu/studentjudicialprograms/studentdisabilityservices.php).

**Academic Integrity:**

It is the aim of the faculty of Texas Tech University to foster a spirit of complete honesty and high standard of integrity. Complete honesty is required of students in the preparation and presentations of any and all phases of course work, as their own. This applies to quizzes of whatever length as well as to final examinations, daily reports, term papers, or any other homework or completed assignment. The attempt of students to present as their own any work not honestly performed is regarded by the faculty and administration as a most serious offense and renders the offenders liable to serious consequences, possibly suspension.

“Scholastic dishonesty” includes, but it not limited to, cheating, plagiarism, collusion, falsifying academic records, misrepresenting facts, and any act designed to give unfair academic advantage to the student (such as, but not limited to, submission of essentially the same written assignment for two courses without the prior permission of the instructor) or the attempt to commit such an act.


**Civility in the Classroom:**

“Students are expected to assist in maintaining a classroom environment that is conducive to learning. In order to assure that all students have the opportunity to gain from time spent in class, unless otherwise approved by the instructor; students are prohibited from engaging in any other form of distraction. Inappropriate behavior in the classroom shall result, minimally, in a request to leave class.”

Examples of inappropriate behavior include cellular phones and beepers, hostile or excessively aggressive behavior towards other students or the instructor, excessive tardiness, leaving class early, making offensive remarks, prolonged chattering, reading newspapers during class, sleeping, talking out of turn, arriving late to class, dominating discussions, overt inattentiveness, etc.
**Learning Outcomes and Assessment**

A good grasp of industrial organization theory is vital for understanding a wide range of government policies and, more generally, for conceptualizing how economic agents operate within markets. With increasing political emphasis on market forces, and the importance of regulation vs. deregulation issues as well as changes in the application of antitrust law, it is important that students are able to understand how firms operate, and how firms behave in different market situations. A course in industrial organization, antitrust, and regulation economics equips the students with a set of concepts and analytical tools, the application of which not only provides and develops an understanding of the economic issues but also develops and stimulates the student's reasoning and conceptual awareness.

This course aims to:- Introduce students to the key concepts and theoretical models which allow an analysis of the effects of firm behavior in imperfectly competitive markets as well as government intervention in such markets.- Enable students to apply the analytical tools of microeconomic theory to antitrust and regulation matters in a way that develops their understanding of the issues involved and their ability to analyze the issues involved.- Provide a basis of practical and theoretical knowledge to act as a foundation for subsequent economic courses.

**Learning Outcomes**
On completion of this course students should be able to:
(1) Demonstrate an understanding of the fundamental concepts and terms which have been introduced.
(2) Select and apply the appropriate microeconomic concepts and models to an analysis of different market situations and business behavior as well as antitrust and regulatory agencies.
(3) Use algebraic and graphical techniques to explain and evaluate firm behavior, antitrust and regulatory issues.

**Assessment**
The assessment for this class is course work-based, comprising four equally weighted elements designed to assess performance in all of the learning outcomes specified above.
Three in-class time-constrained tests, designed to assess the student's knowledge of the concepts, ideas and theories which should have been assimilated up to the date of the test will be given. In addition, an unspecified number of unannounced, short quizzes will be given. A number of "key questions" will be embedded in the exams and quizzes. The student’s responses to these "key questions" will be used to assess how well the learning outcomes have been achieved.
COURSE OUTLINE AND READING ASSIGNMENTS

I. Foundations, Ch. 1 – Ch. 4

I.1. Introduction
I.2. Perfect Competition, Monopoly, and Welfare

II. “Strong” Monopoly, Ch. 5, 16 and 17

II.1. Price Discrimination: 3rd Degree Price Discrimination
II.2. Price Discrimination: Perfect price Discrimination via Two-Part Tariffs

III. Strategic Behavior I: Static Oligopoly Pricing, Ch. 7 =16

III.1. Cournot Competition
III.2. Bertrand Competition

IV. Strategic Behavior II: Dynamic Oligopoly Pricing, Ch. 7 - 16

IV.1. The von Stackelberg Game
IV.2. Tacit Collusion
IV.3. Limit Pricing and Entry Deterrence

V. Issues in Antitrust Economics, Ch. 16 and 17

V.1. Predatory Pricing
V.3. Horizontal Mergers
V.4. Vertical Integration and Restraints

VI. Issues in Regulatory Economics, Ch. 18

VI.1. Rationale for Regulation
VI.2. Optimal Pricing for Natural Monopoly
VI.3. Regulatory Reform and Deregulation