

Economics 5360/6360
The Economics of Market Power and Antitrust Law
Spring Semester 2022

Class Periods: Tuesdays and Thursdays, 2:00-3:20pm MST in BEHS 107

Instructor: Marshall Steinbaum

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Office Hours: 3:45-4:45pm MST on Tuesdays, or by appointment. GC 4229.

Required Materials

There is no required textbook for this course. Required readings will be made available on Canvas.

The following textbooks may be useful, but are not required:

Paul Belleflamme and Martin Peitz. *Industrial Organization: Markets and Strategies*. New York: Cambridge University Press, 2010.

Paul Belleflamme and Martin Peitz, *The Economics of Platforms: Concepts and Strategy* Cambridge: Cambridge University Press, 2021.

Course Description

This course provides an introduction to the subfield of economics known as Industrial Organization (IO), meaning firm, market, and industry characteristics in which there is scope for strategic interaction. The unit of analysis in IO is typically the firm operating in a market, supply chain, or industry. This contrasts with microeconomics, which focuses on individuals and their decisions, and macroeconomics, which focuses on whole countries' economies.

The course starts with an overview of different models of competition in markets: perfect competition, monopoly, oligopoly, and product differentiation. We will cover how to tell which of these models characterizes a particular market and how to determine whether a firm possesses market power in the market(s) where it operates. We will then cover supply chains and multi-sided platforms. After the midterm exam, we will have a unit introducing antitrust policy in general, followed by one about corporate governance and the internal structure of firms. In the final unit, we will examine a series of industries and the business models that are prevalent within them, applying the general lessons learned in the earlier units to real-world case studies.

Evaluation will take the form of a midterm and final exam, as well as weekly readings and online discussion boards posted to Canvas, in which participation is mandatory. For the mathematical components, I will assign numerical examples to solve, but those will not be graded.

Both exams will be administered in person, within a class period.

Course Outcomes

By the end of this course, you should be able to

- Relate observable outcomes in a market, like concentration, markups, and entry, to the degree of competition in that market.
- Understand the distinction between residual and market demand elasticity, and its significance.
- Solve and compare numerical models of competition in a market.
- Explain how supply chains work and the concepts of foreclosure and neutrality/non-discrimination.
- Understand the dynamics of multi-sided platforms and network effects.
- Relate the internal structure of corporations to their conduct and strategy vis a vis other firms with which they compete.
- Understand basic antitrust concepts: mergers, conduct, market power, predation, exclusion, and price discrimination.
- Apply all of the above concepts to a number of sectors in which competition is a matter of current public debate.

University Policies

1. ***The Americans with Disabilities Act.*** The University of Utah seeks to provide equal access to its programs, services, and activities for people with disabilities. If you will need accommodations in this class, reasonable prior notice needs to be given to the Center for Disability Services, 162 Olpin Union Building, (801) 581-5020. CDS will work with you and the instructor to make arrangements for accommodations. All written information in this course can be made available in an alternative format with prior notification to the Center for Disability Services.
2. ***University Safety Statement.*** The University of Utah values the safety of all campus community members. To report suspicious activity or to request a courtesy escort, call campus police at 801-585-COPS (801-585-2677). You will receive important emergency alerts and safety messages regarding campus safety via text message. For more information regarding safety and to view available training resources, including helpful videos, visit safeu.utah.edu.
3. ***Addressing Sexual Misconduct.*** Title IX makes it clear that violence and harassment based on sex and gender (which includes sexual orientation and gender identity/expression) is a civil rights offense subject to the same kinds of accountability and the same kinds of support applied to offenses against other protected categories such as race, national origin, color, religion, age, status as a person with a disability, veteran's status or genetic information. If you or someone you know has been harassed or assaulted, you are encouraged to report it to the Title IX Coordinator in the Office of Equal Opportunity and Affirmative Action, 135 Park Building, 801-581-8365, or the Office of the Dean of Students, 270 Union

Building, 801-581-7066. For support and confidential consultation, contact the Center for Student Wellness, 426 SSB, 801-581-7776. To report to the police, contact the Department of Public Safety, 801-585-2677(COPS).

4. ***Undocumented Student Support Statement.*** Immigration is a complex phenomenon with broad impact—those who are directly affected by it, as well as those who are indirectly affected by their relationships with family members, friends, and loved ones. If your immigration status presents obstacles to engaging in specific activities or fulfilling specific course criteria, confidential arrangements may be requested from the Dream Center. Arrangements with the Dream Center will not jeopardize your student status, your financial aid, or any other part of your residence. The Dream Center offers a wide range of resources to support undocumented students (with and without DACA) as well as students from mixed-status families. To learn more, please contact the Dream Center at 801.213.3697 or visit dream.utah.edu.

5. ***Attendance.*** It is usually my policy to require attendance at in-person lectures, but under the circumstances of a COVID wave coinciding with the start of the semester, that won't work for the present. Our classroom is **not** equipped with an area camera, and I will make every effort to facilitate Zoom functionality (through Canvas) for in-person lectures. But I cannot guarantee that the technology will be adequate to both see and interact with what's happening in the classroom, and for students participating on Zoom to participate in in-class discussion. In particular, this course involves a substantial amount of math, to be presented in class on the white board and which may be quite difficult to comprehend remotely, especially in the absence of a camera.

Lecture slides that I present in class will be available subsequently on Canvas. Between those slides, the required reading, and the asynchronous Canvas discussion boards, it may be possible to master the course material. But students not attending in person must make sure they do in fact fully make use of those three alternative sources of material.

If you need to seek an ADA accommodation to request an exception to this attendance policy due to a disability, please contact the Center for Disability and Access (CDA). CDA will work with us to determine what, if any, ADA accommodations are reasonable and appropriate.

Course Policies

Punctuality: Lectures will commence promptly at the scheduled time. Late arrivals can be disruptive.

Participation: All students are expected to participate in class discussions, including those conducted on the Canvas class discussion boards.

Canvas: It is students' responsibility to keep up with material posted to Canvas.

Academic integrity: Plagiarism is strictly prohibited. If you are detected copying the work of others, either fellow students or published material, the minimum penalty is a grade of zero on whatever exam or assignment is plagiarized. Additional penalties, as specified in university policies, may be applied above that.

Grading Policy

Final grades will be determined by weighted numerical average (not the raw averages reported on Canvas).

Online discussion & in-class participation:	25%
Midterm Exam:	25%
Final Exam (cumulative):	50%

Letter Grade Distribution:

>= 93.00 A	73.00 - 76.99 C
90.00 - 92.99 A-	70.00 - 72.99 C-
87.00 - 89.99 B+	67.00 - 69.99 D+
83.00 - 86.99 B	63.00 - 66.99 D
80.00 - 82.99 B-	60.00 - 62.99 D-
77.00 - 79.99 C+	<= 59.99 F

Course Schedule

<u>Date</u>	<u>Topic/Discussion</u>
Week 1: January 10th	Unit I: Theoretical Models of Competition Introduction Perfect Competition Monopoly Residual and Market Demand Elasticity
Week 2: January 17th	Cournot and Bertrand Oligopoly
Week 3: January 24th	The Hotelling Model of Product Differentiation
Week 4: January 31 st	Price Discrimination under Monopoly and Oligopoly
Week 5: February 7 th	Unit II: Supply Chains
Week 6: February 14th	Unit III: Multi-sided Platforms Introduction to network effects and multiple equilibria
Week 7: February 21 st	Pricing, Price Discrimination, and Content Moderation on multi-sided platforms
Week 8: February 28 th	Midterm Exam (Tentative: Tuesday, March 1st) Unit IV: Introduction to Antitrust Policy The Consumer Welfare Standard Market Power in Antitrust Unilateral and Multilateral Conduct
Week 9:	Spring Break
Week 10: March 14 th	Predation, Exclusion, and Monopolization

Week 11:
March 21st **Unit V: Corporate Governance**

Week 12:
March 28th **Unit VI: Sectoral Case Studies**
Retail

Week 13:
April 4th Telecoms and other utilities

Week 14:
April 11th Credit Cards
Tech Platforms

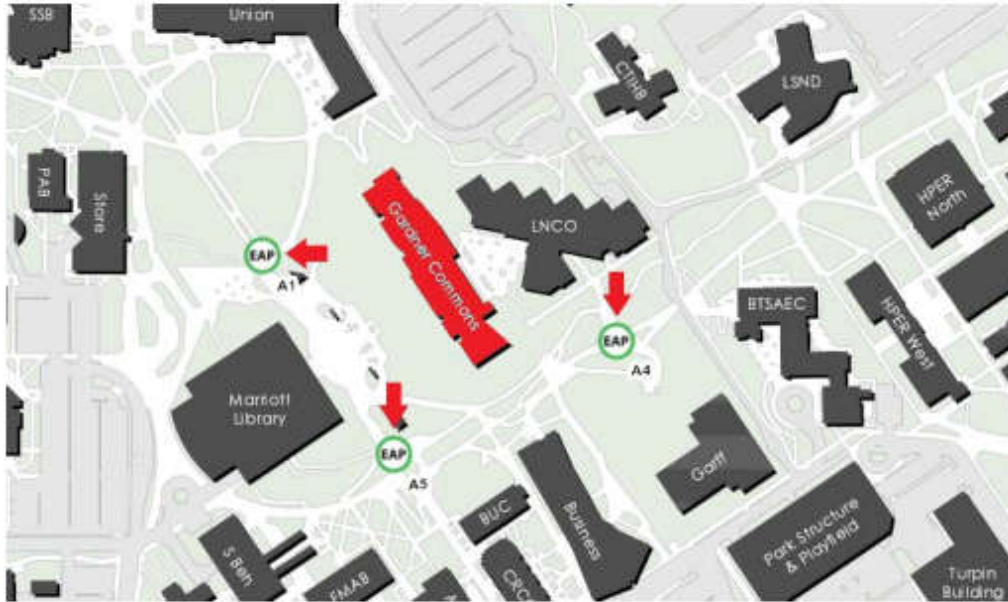
Week 15:
April 18th Healthcare

Week 16:
April 25th Franchising
The Gig Economy
Higher Education

Final Exam (Tentative: Thursday, April 28th)

Note: This syllabus is meant to serve as an outline and guide for our course. Please note that I may modify it with reasonable notice to you. I may also modify the Course Schedule to accommodate the needs of our class. Any changes will be announced in class and posted on Canvas.

CSBS EMERGENCY ACTION PLAN



BUILDING EVACUATION

EAP (Emergency Assembly Point) – When you receive a notification to evacuate the building either by campus text alert system or by building fire alarm, please follow your instructor in an orderly fashion to the EAP marked on the map below. Once everyone is at the EAP, you will receive further instructions from Emergency Management personnel. You can also look up the EAP for any building you may be in on campus at <http://emergencymanagement.utah.edu/eap>.



CAMPUS RESOURCES

U Heads Up App: There's an app for that. Download the app on your smartphone at alert.utah.edu/headsup to access the following resources:

- **Emergency Response Guide:** Provides instructions on how to handle any type of emergency, such as earthquake, utility failure, fire, active shooter, etc. Flip charts with this information are also available around campus.
- **See Something, Say Something:** Report unsafe or hazardous conditions on campus. If you see a life threatening or emergency situation, please call 911!

Safety Escorts: For students who are on campus at night or past business hours and would like an escort to your car, please call 801-585-2677. You can call 24/7 and a security officer will be sent to walk with you or give you a ride to your desired on-campus location.