ECON-466 Industrial Organization
AntiTrust and Regulation
Fall 2012
Tues 6 - 9

INSTRUCTOR: Dr. Chad D. Cotti
OFFICE: Sage 2416
EMAIL: cottic@iuwosh.edu
PHONE: 424-3013

OFFICE HOURS: W 10:00 – 11:00
W 1:30 – 3:00
or by Appointment.


D2L: Desire to Learn: Class notes and exam review materials will be posted on the course website.

NOTE: Supplemental readings may be assigned throughout the semester. These will typically cover press coverage of government policy topics, and may be included on the exams.

CLASS PREREQUISITE: Econ 206

GRADING:
Your course grade will be based on total points earned. There will be 3 exams; each will count for 30% of your final grade. The remaining 10% will come from homework assignments.

Note: Only in extreme circumstances will make up exams be given. Exam scores may be curved at my discretion. For this reason, once final course grades have been posted they will not be changed, except in the case of an error.

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ATTENDANCE:
Your presence in class is highly recommended, but is not required. Attending class regularly can only benefit your overall class performance. It is your responsibility to keep informed of class announcements or course changes that may be made during lectures. Attendance will be occasionally taken for my records.

Entering class late or leaving early is extremely rude and disruptive to your classmates and the flow of the lecture. If you must leave class early please notify me prior to the beginning of the session.
HONOR CODE:
All honor code rules of the university are in effect – even if not explicitly mentioned on each assignment/exam.

CLASS DESCRIPTION and OBJECTIVES:
Class time will consist of a combination of lecture, discussion, and related exercises. Class lectures will be supplemented by readings from the primary text and alternative handouts, which will be assigned in class.
This course applies economic analysis and the economist’s perspective to topics in government policy toward business. Microeconomic policy is emphasized, especially antitrust policy, regulation and deregulation. The course objective is to develop an understanding of the causes and effects of government policy and the relationship between government policy and the decisions made by firms and households. Antitrust topics include price fixing, merger, and monopolization. We will also discuss polices and regulation concerning public utilities, patents, copyrights, the natural environment, workplace conditions, prices and wages, government aid to education, and product safety.

TOPICAL OUTLINE

A. Introduction and Overview
   a. Efficiency versus Equity
B. Review of Principles of Microeconomics
C. Antitrust
   a. Into Antitrust
   b. Oligopoly
   c. Mergers
   d. Monopoly
D. Economic Regulation
   a. Intro to Regulation
   b. Natural Monopoly and Regulation of Utilities
   c. Deregulation
   d. Patents and Copyrights
E. Social Regulation
   a. Environmental Regulation
   b. Work Place Regulation
   c. Price and Wage Regulation

POLICY ON HOMEWORK SETS AND EXAMS

1. Homework sets are designed to help you learn how to apply the material presented in lectures. You are permitted and encouraged to discuss course material, including homework, with other students. However, you are expected to turn in your own individual solutions. Working with others is intended to clarify ideas, concepts, or technical questions, NOT to derive a group solution set. If proper work is not shown on any homework assignment no credit will be given.

2. Handwritten solutions are acceptable if they are legible and easy to follow.

3. In fairness to students who turn in their assignments on time, late work will not be accepted.

4. During exams only calculators with basic mathematical functions will be permitted. Calculators that are capable of storing spreadsheets, formulas, etc. may not be used. Cellular technologies are expressly prohibited.
Course Outline and Text Readings:

1. Introduction
   - The Free Market, Regulation, and Antitrust (VVH Chapter 1)

2. Principles of Micro Review

3. Antitrust
   - Introduction (VVH Chapter 3)

4. Oligopoly
   - Game Theory & The Cournot Solution (VVH Chapter 5)

5. Mergers
   - Are Mergers Anticompetitive? (VVH Chapters 6 & 7)

6. Monopolization
   - What is monopoly power? (VVH Chapter 9)
   - Microsoft Case (VVH Chapter 9)

EXAM 1

7. Regulation
   - What is regulation and how do we study it? (VVH Chapter 10)

8. The Problem of Natural Monopoly
   - Under certain conditions, it is efficient to have a single firm. The Case of Public Utilities. (VVH Chapter 11 and maybe elements of Chapter 12)

9. Patent and Copyright Laws
   - The role of Government Created Monopolies (VVH Chapter 24)

EXAM 2

10. Introduction to Social Regulation
    - The New World of Regulation Policy (VVH Chapter 19)

11. Environmental Regulation
    - Solving the Problem of Pollution. (VVH Chapter 21)

12. Workplace Regulation
    - Health and Safety of Workers. The Role of OSHA. (VVH Chapter 23)
    - Smoking Bans

13. Price and Wage Regulation.
    - Rent Controls, Farm Subsides, Tariffs, and the Minimum Wage. (VVH Chapter 18)

EXAM 3: Last Week of Classes