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Course Information

Instructor: Alexander Maslov
Office: Loeb D-886
E-mail: alexander.maslov@carleton.ca
Office Hours: Tuesday, 2:30pm-4:30pm or by appointment

Course Description and Objectives

Governments intervene in modern economies in a number of ways and for a number of reasons. This course will explore a select set of these interventions in an attempt to understand their purpose and effects. It will provide students with an overview of competition and regulatory policy issues in Canada and abroad. The course will combine theoretical models with their application to pertinent antitrust and regulatory cases. Some empirical modern estimation techniques may also be examined.

Prerequisites

ECON 2030 with a grade of C- or higher or ECON 2003 (no longer offered) with a grade of C- or higher. Students who believe they have taken a similar background course or courses from another university must provide appropriate documentation to the Department of Economics Undergraduate Administrator, Amanda Wright.

Course Evaluation

Students will be evaluated according to the following criteria and weights:

<table>
<thead>
<tr>
<th>Evaluation Criteria</th>
<th>Weight</th>
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<tbody>
<tr>
<td>Midterm</td>
<td>20%</td>
</tr>
<tr>
<td>Paper</td>
<td>30%</td>
</tr>
<tr>
<td>In-class Participation</td>
<td>10%</td>
</tr>
<tr>
<td>Final Exam</td>
<td>40%</td>
</tr>
<tr>
<td><strong>TOTAL:</strong></td>
<td><strong>100%</strong></td>
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</tbody>
</table>
No course grades are final until approved by the Faculty Dean. Note also that course grades may be scaled upwards or downwards in a rank-preserving manner to better fit the relevant departmental distributional norm. Application to write a deferred final examination must be made at the Registrar’s Office.

**Paper**

Students will be expected to write a paper (10-15 pages, double-spaced, typed) reviewing an important Canadian or foreign antitrust case. You must review the facts of the case, the positions taken by the parties and the economic theory of the case, and provide an analysis of the final judgment. Students must submit to the instructor a short description (up to 1 page) of their paper topic before the Fall break (i.e. before 5 p.m. Friday, October 20, 2017). Of the 30% grade weight allocated for the paper, 5% is based on providing an acceptable topic description by this deadline, the remaining 25% will be based on the paper itself. The final hard copy of the paper is due on Tuesday, December 5th, 2017 at the start of class. It should also be sent via email to the instructor before that time at alexander.maslov@carleton.ca.

**Tips for writing the paper**

1. Seek balanced sources, do not get caught getting all your information from one side of a contentious issue. Research on the web is very dangerous this way - quite often only one side is well represented on the web. Do not write public relations fluff!

2. The format of your references is not so important, but you MUST give references and they must be complete (date, issue, publisher etc.). All data reported must be attributed to its source. When you draw from some source in your text, cite the source at that point, do not just list it in the references at the end.

3. Include original thought - this is not simply a "report". Your ideas must be supported with data and/or references to economic theory.

4. Assume your reader is an intelligent non-expert - for example, assume it is one of your economics classmates who is not in our class. So they might know a little about competition and regulatory policy but not much.

5. Include a title page with the title, the course number, your name and student number, and the date. Number your pages.

6. Run a spell-check.

**Sample Cases for the Paper**

Students are free to choose any case from any country as long as it adheres to competition or regulatory policy. Below is a list of possible cases.

**Collusion**

- **LIBOR (2012-2015)**: Price-Fixing by Major Banks
- **Vitamins (1999)**: Price-Fixing by Major Vitamin Producers
- **Lysine (1996)**: Price-Fixing by Major Lysine Producers
- **DRAM (2005)**: Price-Fixing by Major Computer Manufacturers
- **Air Cargo (2007)**: Price-Fixing by Major Air Carriers
- **Airline Tariff Publishing (1999)**: US Case on Coordinated Pricing
- **Ivy League Collusion (1993)**: US Universities Colluded to Set Financial Aid
- **Broadcast Music (1979)**: US Case on when Price-Fixing May Be Socially Beneficial
Abuse of Dominance, Predation

Google (2017) Abuse of Dominance with a Search Engine
Intel (2009) Abuse of Dominance to Exclude AMD
Microsoft (1990-2017) Several Cases for the Past Years
Air Canada (2003) Predation Case
Dupont (1956) Famous Case Related to Market Definition

Mergers

Tervita (2015) Canadian Supreme Court Case-efficiency Defence
Air Canada / Canadian Airlines (1999) Merger to Monopoly with Failing Firm
Hillsdown (1992) Meat Rendering in Ontario, Market Definition
DeHavilland / Aerospatiale (1991) Merger (blocked) with International Dimensions

Refusal to Deal / Tying / Other Vertical

Playmobil (1995) US Case on Resale Price Maintenance
Xerox Canada (1990) Refused to Sell Photocopier Parts to ISOs
Kodiak (1992) US Case Involving Photocopier Parts to ISOs
Aspen Skiing (1985) US Case - Canceled Joint Promotion

Textbooks

There is no required textbook for this course. Lectures will summarize main ideas for each topic. However, students are encouraged to complement lectures by reading any of the books listed below. The corresponding chapters are indicated in the course outline.


Preliminary Course Outline

The purpose of the course is to cover issues in both Competition (Antitrust) and Regulation. The extent and depth will depend on the time and background of the students.
Competition (Antitrust):

1. Competition Policy and Basic Imperfect Competition Models.
   - *Motto*, Ch. 1 and Ch. 8
   - *Church and Ware*, Ch. 7-9, Appendix A
   - *Belleflamme and Peitz*, Ch. 3, Appendix A

   - *Motto*, Ch. 2
   - *Church and Ware*, Ch. 2 and Ch. 17

   - *Motto*, Ch. 3
   - *Church and Ware*, Ch. 12 and Ch. 19
   - *Belleflamme and Peitz*, Ch. 2

4. Collusion and Horizontal Agreements.
   - *Motto*, Ch. 4
   - *Belleflamme and Peitz*, Ch. 14
   - *Viscusi, Vernon and Harrington*, Ch. 5

5. Horizontal Mergers.
   - *Motto*, Ch. 5
   - *Church and Ware*, Ch. 23
   - *Belleflamme and Peitz*, Ch. 15
   - *Viscusi, Vernon and Harrington*, Ch. 7

6. Vertical Restraints and Vertical Mergers.
   - *Motto*, Ch. 6
   - *Church and Ware*, Ch. 22
   - *Belleflamme and Peitz*, Ch. 17
   - *Viscusi, Vernon and Harrington*, Ch. 8

   - *Motto*, Ch. 7
   - *Church and Ware*, Ch. 20-21
   - *Belleflamme and Peitz*, Ch. 11, Ch. 16
   - *Viscusi, Vernon and Harrington*, Ch. 9
Regulation:

8. Introduction to Economic Regulation.
   *Church and Ware, Ch. 24*
   *Viscusi, Vernon and Harrington, Ch. 10*

9. Regulation of Natural Monopoly.
   *Church and Ware, Ch. 25-26*
   *Viscusi, Vernon and Harrington, Ch. 11-12, Ch.15*

10. Regulation of Potentially Competitive Markets
    *Viscusi, Vernon and Harrington, Ch. 16*

11. Deregulation and Network Economics
    *Church and Ware, Ch. 26*
    *Belleflamme and Peitz, Ch. 11, Ch.16*

Plagiarism:

Please be aware that plagiarism is a serious offense at Carleton University and should be recognized and avoided. For further information on how to do so, consult Pammett on Plagiarism and Paraphrasing.

Requests For Academic Accommodation

You may need special arrangements to meet your academic obligations during the term. For an accommodation request the processes are as follows:

Pregnancy and / or Religious Obligations:

Write to me with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for the accommodation is known to exist. For more details see the Student Guide.

Academic Accommodations for Students with Disabilities:

The Paul Menton Centre for Students with Disabilities (PMC) provides services to students with Learning Disabilities (LD), psychiatric/mental health disabilities, Attention Deficit Hyperactivity Disorder (ADHD), Autism Spectrum Disorders (ASD), chronic medical conditions, and impairments in mobility, hearing, and vision. If you have a disability requiring academic accommodations in this course, please contact PMC at 613-520-6608 or pmc@carleton.ca for a formal evaluation. If you are already registered with the PMC, contact your PMC coordinator to send me your Letter of Accommodation at the beginning of the term, and no later than two weeks before the first in-class scheduled test or exam requiring accommodation (if applicable). After requesting accommodation from PMC, meet with me to ensure accommodation arrangements are made. Please consult the PMC website for the deadline to request accommodations for the formally scheduled exam (if applicable).