Welcome to Antitrust Economics: Principles

This course examines the laws that protect consumers by ensuring competition in the marketplace. The focus will be on economics and its role in antitrust analysis. Specific topics include collusion, mergers, and vertical restraints.

Office Hours: By appointment. I am generally available before or after class and can always be reached via email.


Grading: The final exam will account for 50% of the grade. There will also be a mid-term accounting for 30% of the grade. Neither the final nor the mid-term will be “open book.” Two HW sets will be assigned. They are to be worked on by you alone. They will each account for 10% of the grade.

Homework assignments will be made available on TWEN the day they are assigned and HW should be emailed to me no later than 6 PM the following Sunday.

You should come to class having read and thought about the material (the required readings and the listed Cases at a minimum), and be ready to participate in a discussion.

IMPORTANT NOTE ON READINGS:

Though I have attempted to create hyperlinks in the syllabus for most of the readings, some of these links appear to be unstable. Thus, I am posting on TWEN pdfs of all
the readings for my lectures—other than those that are contained in the two required textbooks

**Tentative Syllabus:** We may deviate from the tentative syllabus with assignments taken from current events, new cases, to accommodate guest speakers, scheduling reasons, need to finish material from previous class, etc. Please make sure you are signed up to receive updates via TWEN.

1. August 23

**Goals of ATR and Review of Microeconomic Principles**

Readings (required): Antitrust Law, chapter 1. Antitrust Law, pp. 79-86. Antitrust Law, Appendix (pp. 287-292). The Antitrust Revolution: Chapter 1 (pp. 8-29); Heyer: *Consumer Welfare and the Legacy of Robert Bork*


2. August 30

**Collusion**

Readings (Required): Antitrust Law, chapter 3; Jayaratne and Ordover: *Coordinated Effects: Evolution of Practice and Theory*


Readings (Supplemental): Carlton and Peltzman: *Introduction to Stigler’s Theory of Oligopoly*; Stigler: *Theory of Oligopoly*; Baker: *Mavericks, Mergers and Exclusion*; Baker; Two Sherman Act section 1 dilemmas: parallel pricing, the oligopoly problem, and contemporary economic theory

3. September 6

**Horizontal Mergers: Market Definition**
Readings (Required): horizontal Merger Guidelines, pp. 7-18; Katz and Shapiro: Critical Loss, let’s tell the Whole Story; Carl Shapiro: The 2010 Horizontal Merger Guidelines: From Hedgehog to Fox in Forty Years; pp. 85-93

Cases:; TaxAct Court Opinion (pp. 15-50); Ardagh (Glass containers): FTC Complaint, and Defendants’ Memorandum of Law in Opposition to the FTC’s Motion for a Preliminary Injunction, pp. 1-8


4. September 13

Horizontal Mergers: Market Definition (continued) and Competitive Effects—Coordinated


Readings (Supplemental): Carlton and Gertner: Intellectual Property, Antitrust and Strategic Behavior (Ch. III—Merger Policy in R&D-Intensive Industries); GM/Zedef Complaint

5. September 20

Horizontal Mergers: Competitive Effects—Unilateral

Readings (Required): HMG pp. 27-31; Heyer: Market Definition and Competitive Effects; Carl Shapiro: The 2010 Horizontal Merger Guidelines: From Hedgehog to Fox in Forty Years, pp. 60-81

Cases: Sysco (Opinion, pp. 81-92); Ardagh Glass Containers (same as above)

Readings (Supplemental): Carl Shapiro speech: Mergers with Differentiated Products
6. September 27

**Unilateral Effects (continued) and Merger Remedies**

Readings (Required): [Katz/Shelanski: Mergers and Innovation; Heyer: Optimal Remedies for Anticompetitive Mergers](#)

Cases: Kwoka: The Antitrust Revolution (Rockonomics: The Ticketmaster-Live Nation Merger and the Rock Concert Business)

Readings (Supplemental): Salop and O’Brien: [Competitive Effects of Partial Ownership: Financial Interest and Corporate Control](#); pp. (560-584); Kwoka: Does Merger Control Work?; FTC Divestiture Study; DoJ Remedy Manual; Novazyme;

7. October 4

**Quantitative Techniques and Price Effects** (Guest Lecture: Christopher Adams, Staff Economist at the Federal Trade Commission)


**OCTOBER 11: NO CLASS**

8. October 18

**First half: In-Class Mid-Term. Second half: Dealing with Uncertainty in Antitrust**
Readings (Required):  Easterbrook: The Limits of Antitrust; Katz and Shelanski: Merger Analysis and the Treatment of Uncertainty

Case:  Baker: The Antitrust Revolution (Heinz/Beechnut—see above)


9. October 25

**Monopsony**

Readings (Required): Roger Noll: Buyer Power and Economic Policy

Case:  Cargill/Continental

10. November 1

**Sports and Antitrust** (Guest Lecturer: Norman Familant, Chief of the Economic Litigation Section, Antitrust Division of the USDOJ):

Readings: (forthcoming)

11. November 8

**Healthcare and Antitrust** (Guest Lecturer: Mark Botti, Partner SquirePattonBoggs and formerly Chief of the Litigation I Section, Antitrust Division of the USDOJ):

Readings (forthcoming):

12. November 15

**Vertical integration and Vertical Mergers**

Readings (Required): Antitrust Law pp. 223-229; Klein, Crawford and Alchian: Vertical Integration, Appropriable Rents, and the Competitive Contracting Process; Salop and Cully: Revising the US vertical merger guidelines: policy issues and an interim guide for practitioners


13. November 22

Vertical Restraints

Readings (Required): Antitrust Law chapter Six/Seven, pp. 171-207, Ramseyer and Rasmusen: Exclusive Dealing: Before, Bork, and Beyond


14. November 29

The Role of Customer Testimony/Course Review (come with questions)

Ken Heyer: The Role of Customer Testimony; Law 360: A New DoJ Approach to Customer Testimony

Cases: Oracle/PeopleSoft Court Opinion (Abbreviated)