

Economics 571(L01) (Competition Policy)

Instructor:	Dr. J. Church	Lecture Location:	ST 126
Phone:	403-220-6106	Lecture Days/Time:	TR 9:30-10:45
Email:	jrchurch@ucalgary.ca		
Office:	SS 442		
Office Hours:	TR 13:00-14:00 or by appointment	Winter 2015	

Textbook(s):

Required:

Church, J. 2006. *The Impact of Vertical and Conglomerate Mergers on Competition* Brussels: European Commission. [Recommended for certain chapters. Available online at <http://bookshop.europa.eu/en/the-impact-of-vertical-and-conglomerate-mergers-on-competition-pbKD7105158/>]

Church, J., and R. Ware. 2000. *Industrial Organization: A Strategic Approach*. San Francisco: McGraw-Hill. [Recommended for certain chapters. Available online at <http://homepages.ucalgary.ca/~jrchurch/page4/page5/page5.html>.]

Recommended:

Eichenwald, K. 2000. *The Informant*. New York: Broadway Books.

Reback, G. 2009. *Free the Market!* New York: Portfolio Group.

Book(s) on Reserve:

ABA Section of Antitrust Law. 2008. *Issues in Competition Law and Policy*. Chicago: ABA Publishing. Three Volumes.

ABA Section of Antitrust Law. 2008. *Mergers and Acquisitions: Understanding the Antitrust Issues*, 3rd edition. Chicago: ABA Publishing.

Connor, J. 2008. *Global Price Fixing*. Berlin: Springer.

Green, C. 1990. *Canadian Industrial Organization and Policy*. 3 ed. Toronto: McGraw-Hill Ryerson.

Gore, D. et al. 2013. *The Economic Assessment of Mergers under European Competition Law*. Cambridge: Cambridge University Press.

- Hovenkamp, H. 2011. *Federal Antitrust Policy*. 4th Edition. St. Paul, Min.: West.
- Hylton, K., ed. 2010. *Antitrust Law and Economics*. Northampton, MA: Edward Elgar.
- Kwoka, J. E., Jr., and L. J. White, ed. 2014. *The Antitrust Revolution*. 6th ed. Oxford: Oxford: University Press.
- Marshall, R. and L. Marx. 2012. *The Economics of Collusion*. Cambridge: MIT Press.
- Niels, G, H.Jenkins, and J. Kavanagh. 2011. *Economics for Competition Lawyers*. Oxford: Oxford University Press.
- Kaplow, L. 2013. *Competition Policy and Price Fixing*. Princeton: Princeton University Press.
- Pitofsky, R. 2008. *How the Chicago School Overshot the Mark*. Oxford. Oxford University Press.
- Posner, R. 2001. *Antitrust Law*. 2nd edition. Chicago: University of Chicago Press.
- Stikeman Elliot. 2013. *2014 Competition Act & Commentary*. Markham, Ontario: LexisNexis.
- Trebilcock, M. et al. 2002. *The Law and Economics of Canadian Competition Policy*. Toronto: University of Toronto Press.

Required and recommended readings will be assigned from material on reserve in the MacKimmie Library, from the periodical collection in the MacKimmie Library, and the internet.

Desire2Learn: This course will make use of the Desire2Learn (D2L) platform. Students who are registered in the course can log on at <http://d2l.ucalgary.ca> using or through their student centre. Please note that D2L features a class e-mail list that may be used to distribute course-related information. It is your responsibility to ensure that D2L uses the e-mail address of your choice. The default is your University of Calgary e-mail address.

Course Description:

This class is an introduction to the wild and woolly world of competition economics, competition policy, and competition law enforcement. It uses the foundation established in Econ 471 to assess the foundations of competition policy and competition law, as well as the role of economics in assessing the implications on competition of firm conduct. Competition law is intended to prohibit firms from engaging in conduct that creates, enhances, or maintains market power. Conduct that creates, enhances, or maintains market power typically involves reducing the constraint on market power of competitors. The “Big Three” are monopolization, collusion, and merger.

Course Outline:

- I. History and Introduction to Canadian Competition Policy
- II. Fundamentals
 - A. Market Power, Product Differentiation, and Market Definition
 - B. Entry Barriers and Entry Deterrence
 - C. Case Studies:¹ *TransMountain Pipeline, Power Poles in Toronto, and Wireless Communications in Canada*
- III. Coordinated Behaviour

¹ Case studies listed here and below are suggestive. Others may be substituted.

- A. Agreements Between Competitors and Conscious Parallelism
 - B. Cartel Behaviour
 - C. Facilitating Practices
 - D. Efficiency Justifications
 - E. Canadian History and Undue
 - F. Case Studies: *HFCS, Visa/MasterCard, Leegin and Apple ebooks*
- IV. Horizontal Mergers
- A. Economics
 - B. Antitrust Analysis
 - C. Efficiencies
 - D. Case Studies: *Superior Propane and Heinz*
- V. Unilateral Behaviour including Abuse of Dominant Position.
- A. Raising Rivals' Costs
 - 1. Vertical Mergers
 - B. Exclusionary Contracting/Exclusive Dealing
 - C. Tying
 - D. Predatory Pricing
 - E. Case Studies: *Dentsply, Microsoft (1998), Live Nation Ticketmaster, American Airlines, iTunes*

Grade Determination and Final Examination Details:

Midterm	20%
Term Project	40%
FINAL EXAMINATION	<u>40%</u>
	100%

Students must receive a passing grade on the final exam to pass the course. As per the Writing Across the Curriculum Statement in the Calendar, writing and grading thereof will be a factor in the evaluation of student work.

Non-programmable calculators are permitted for all exams. There will be a Registrar scheduled final examination which will be two hours in duration. It will be held in a classroom. The final examination will be comprehensive. The exact date for the in-class midterm will be announced at least one week in advance. In cases of documented illness or family emergency, extra weight will be given to the final examination. Tests and exams will not involve multiple choice questions.

The official grading system will be used.

Term Project:

The term project should be a case analysis. Students are expected to use industrial organization to assess whether the decision in an antitrust case is consistent with the maintenance, creation, or enhancement of market power and its efficiency implications. The paper is written in five stages, with feedback from the instructor after each stage. Only the final version, due at the end of term, is graded.

Notes:

- Students seeking reappraisal of a piece of graded term work (term paper, essay, etc.) should discuss their work with the Instructor *within fifteen days* of the work being returned to the class.

- It is the student's responsibility to request academic accommodations. If you are a student with a documented disability who may require academic accommodation and have not registered with the Disability Resource Centre, please contact their office at 220-8237. Students who have not registered with the Disability Resource Centre are not eligible for formal academic accommodation. You are also required to discuss your needs with your instructor no later than fourteen (14) days after the start of this course.

Students' Union Vice-President Academic:

Hana Kadri

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Society of Undergraduates in Economics (S.U.E.):

www.ucalgary.ca/sue

Society of Undergraduates in Economics is a student run organization whose main purpose is to assist undergraduate economics students succeed both academically and socially at the University of Calgary. Services include access to the exam bank, career partnerships with the Career Centre through hosting industry nights and information sessions, recognizing achievements in teaching, and organizing social events for members. They invite you to join by contacting sue@ucalgary.ca.

Faculty of Arts Program Advising and Student Information Resources

- Have a question, but not sure where to start? The Arts Students' Centre is your information resource for everything in Arts! Drop in at SS102, call them at 403-220-3580 or email them at artsads@ucalgary.ca. You can also visit the Faculty of Arts website at <http://arts.ucalgary.ca/undergraduate> which has detailed information on common academic concerns.
- For program planning and advice, contact the Student Success Centre (formerly the Undergraduate programs Office) at 403-220-5881 or visit them on the 3rd Floor of the Taylor Family Digital Library.
- For registration (add/drop/swap), paying fees and assistance with your Student Centre, contact Enrolment Services at 403-210-ROCK [7625] or visit them in the MacKimmie Library Block.
- Online writing resources are available at <http://ucalgary.ca/ssc/writing-support/online-writing-resources>

Safewalk/Campus Security: 403 220 5333
Emergency Assembly Point: ICT Food Court