

Economics 571 (L01) (Competition Policy)

Instructor: J. Church
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Lecture Location: ZOOM Delivery
Lecture Days/Time: TR 12:30-13:45

Office: ZOOM Delivery
Office Hours: TR 15:30-16:30

(Winter 2021)

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 Learning Outcomes:

Students who successfully complete this course will:

- (i) Be familiar and adept with methodologies to assess market power, including the principles and practice of antitrust market definition and identifying barriers to entry.
- (ii) Be familiar with the legal framework of antitrust enforcement in Canada and the United States, including enabling legislation, jurisprudence, policy rules and approaches, and institutions.
- (iii) Be familiar with the antitrust analysis of horizontal mergers.
- (iv) Be familiar with the antitrust analysis of price coordination.
- (v) Be familiar with the antitrust analysis of abuse of dominance and monopolization.
 - Price Discrimination and Rebates
 - Exclusive Dealing
 - Tying, Bundling, and Bundled Rebates
 - Vertical Merger and Foreclosure
 - Predation
 - Intrabrand Restraints: RPM and Exclusive Territories
- (vi) Be able to apply the law and economics of competition policy to assess firm conduct, antitrust cases, and institutions.
- (vii) Develop skills in researching, writing, and presenting analysis of antitrust cases and issues

Course Outline:

- I. History and Introduction to Canadian Competition Policy
 - A. Goals of Antitrust Policy and Market Power Review
 - B. History and Context
 - C. Optimal Enforcement Rules
- II. Product Differentiation, and Market Definition

- III. Credit Cards and Two-Sided Markets
- IV. Coordinated Behaviour
- V. Horizontal Mergers
- VI. Introduction to Abuse of Dominant Position and Monopolization
- VII. Vertical Restraints and Vertical Mergers
- VIII. Resale Price Maintenance
- IX. Predation

Prerequisites/corequisites:

Econ 471

Required Textbook(s):

Church, J., and R. Ware. 2000. *Industrial Organization: A Strategic Approach*. San Francisco: McGraw-Hill.

[Required for certain chapters. Available online at

<http://homepages.ucalgary.ca/~jrchurch/page4/page5/page5.html>.]

Church, J. 2004. *The Impact of Vertical and Conglomerate Mergers on Competition Brussels: European Commission*. Available online at <http://bookshop.europa.eu/en/the-impact-of-vertical-and-conglomerate-mergers-on-competition-pbKD7105158/>

Recommended Textbook(s):

Fumagalli, C., M. Motta, and C. Calcagno. 2018. *Exclusionary Practices: The Economics of Monopolisation and Abuse of Dominance*. Cambridge: Cambridge University Press.

Hovenkamp, H., 2015. *Federal Antitrust Policy, The Law of Competition and Its Practice*, 6th edition. St. Paul, MN: West Academic Publishing. [Available in hardcopy and Kindle versions at Amazon.ca.]

Books on Reserve:

ABA Section of Antitrust Law. 2008. *Issues in Competition Law and Policy*. Chicago: ABA Publishing. Volumes I, II, and III.

ABA Section of Antitrust Law. 2015. *Mergers and Acquisitions: Understanding the Antitrust Issues*, 4th edition. Chicago: ABA Publishing.

ABA Section of Antitrust Law. 2015. *Intellectual Property and Antitrust Handbook*, Second Edition. Chicago: ABA Publishing.

ABA Section of Antitrust Law. 2016. *Antitrust Law and Economics of Product Distribution*. Second Edition. Chicago: ABA Publishing.

ABA Section of Antitrust Law. 2017. *Proving Antitrust Damages*. Third Edition. Chicago: ABA Publishing.

ABA Section of Antitrust Law. 2017. *Handbook on Antitrust in Technology Industries*. Third Edition. Chicago: ABA Publishing.

ABA Section of Antitrust Law. 2018. *Proof of Conspiracy under Federal Antitrust Laws*. Second Edition. Chicago: ABA Publishing.

Baker, J. 2019. *The Antitrust Paradigm*. Cambridge: Harvard University Press.

Blair, R., and D. Sokol, eds. 2015. *The Oxford Handbook of International Antitrust Economics*. Oxford: Oxford University Press, Volumes 1 and II.

Blair, R., and D. Sokol, eds. 2017. *The Cambridge Handbook of Antitrust, Intellectual Property, and High Tech*. Cambridge: Cambridge University Press.

Dreyer, B. 2019. *Dreyer's English*. New York: Random House.

Evans, D.S., and R. Schmalensee. 2019. *Antitrust Analysis of Platform Markets: Why the Supreme Court Got it Right in American Express*. Boston: Competition Policy International.

Evans, H. 2017. *Do I Make Myself Clear?* New York: Little, Brown.

- Facey, B. and D. Assaf. 2019. *Competition and Antitrust Law – Canada and the United States*. 5th ed. [LexisNexis Canada](#).
- Fumagalli, C., M. Motto, and C. Calcagno. 2018. *Exclusionary Practices: The Economics of Monopolisation and Abuse of Dominance*. Cambridge: Cambridge University Press.
- Hovenkamp, H. 2005. *The Antitrust Enterprise*. Cambridge: Harvard University Press.
- Hovenkamp, H. 2020. *Federal Antitrust Policy*. 6th Edition. St. Paul, Min.: West.
- Hylton, K., ed. 2010. *Antitrust Law and Economics*. Northampton, MA: Edward Elgar.
- Kwoka, J. 2020. *Controlling Mergers and Market Power*. Boston: Competition Policy International.
- Kwoka, J. E., Jr., and L. J. White, ed. 2019. *The Antitrust Revolution*. 7th ed. Oxford: Oxford: University Press.
- Marshall, R. and L. Marx. 2012. *The Economics of Collusion*. Cambridge: MIT Press.
- McCloskey, D. 2019. *Economical Writing*. Chicago: Chicago University Press.
- Modern Language Association. 2016. *MLA Handbook*. 8th edition. Modern Language Association.
- Niels, G, H.Jenkins, and J. Kavanagh. 2016. *Economics for Competition Lawyers*. 2nd Edition. Oxford: Oxford University Press.
- Kaplow, L. 2013. *Competition Policy and Price Fixing*. Princeton: Princeton University Press.
- Kempe, K. 2018. *Misuse of Market Power*. Cambridge: Cambridge University Press.
- Kilpatrick, B, P. Kobel, and P. Kellezi, eds. 2018. *Antitrust Analysis of Online Sales Platforms & Copyright Limitations and Exceptions*. Cham, Switzerland: Springer Press,
- Posner, R. 2001. *Antitrust Law*. 2nd edition. Chicago: University of Chicago Press.
- Sagers, C. 2019. *United States v. Apple: Competition in America*. Cambridge: Harvard University Press.
- The Economist. 2018. *Style Guide*. 12th edition. New York: Hachette Book Group.
- Trebilcock, M. et al. 2002. *The Law and Economics of Canadian Competition Policy*. Toronto: University of Toronto Press.

Online Delivery:

This course will be delivered online. Students are expected to be able to participate online in accordance with this Course Outline. Lectures, assignments, office hours, exams, readings and other course material, etc. all require online access and this access is the responsibility of the student.

In order to remotely participate in online courses, students will need to have: computer with a current and updated operating system (macOS or Windows will work with all university-supported online learning technologies), a current and updated web browser installed – the latest versions of Firefox, Safari, Chrome or Edge will help to avoid compatibility issues, secure and reliable internet, microphone/headphones, webcam (optional), and a scanner or camera to scan your work for submission in D2L.

Desire2Learn:

This course will make use of the Desire2Learn (D2L) platform. Students who are registered in the course can log on at <http://d2l.ualgary.ca> through their student centre. Please note that D2L features a class e-mail list that may be used to distribute course-related information. These e-mails go to your University of Calgary e-mail addresses only.

Lectures:

Lectures will be delivered online at the Registrar scheduled times and delivered using ZOOM. The lectures will be recorded and subsequently posted to D2L.

Term Project:

The term project is 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 assigned a grade. Detailed information on the requirements to successfully complete the term project will be available on D2L.

Grade Determination and Final Examination Details:

MIDTERM EXAM	20%
FINAL EXAMINATION	40%
TERM PROJECT	40%
	<hr/>
	100%

The official grading system will be used. See <http://www.ucalgary.ca/pubs/calendar/current/f-1-1.html>.

If a student's letter grade on the final exam exceeds their midterm(s) letter grade, the weight of the midterm(s) may be transferred to the final exam at the discretion of the instructor. The student must have written the midterm(s) or provided supporting documentation for the absence(s) such as a medical note or statutory declaration.

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. See <https://www.ucalgary.ca/pubs/calendar/current/e-2.html>.

The midterm exam is a take-home exam designed and intended to be completed in 75 minutes. The exam will be OPEN book. The exam will be available on D2L. Students will download the exam from D2L, complete the exam, scan it, and submit a pdf file using Dropbox in D2L. Student will have 115 minutes to complete the exam, at a time of their choosing, within a 24-hour period determined by the instructor. The 24 window for the midterm exam will be announced at least one week in advance.

The final examination will be take-home, comprehensive, and scheduled by the Registrar. Students will download the exam from D2L, complete the exam, scan it, and submit a pdf file using Dropbox in D2L. Student will have three hours to complete the exam, at a time of their choosing, within the 24-hour period that begins 24 hours before the end date of the Registrar's scheduled final exam for this course. The exam is designed and intended to be completed in two hours. The final exam will be available 24 hours prior to the scheduled completion time by the Registrar.

If a student cannot write their final exam on the date assigned by the Registrar's Office, they need to apply for a deferred exam <https://www.ucalgary.ca/pubs/calendar/current/g-6.html>. Under no circumstance will this be accommodated by the Department.

Tests and exams WILL NOT involve multiple choice questions and / or fill-in-blank questions.

THERE WILL BE NO MAKEUP OR DEFERRED EXAM/PROBLEM Sets under any circumstances, nor may the exam be written early. Students unable to write the midterm exam because of documented illness, family emergency, religious observance, or university-sanctioned event will have the weight shifted to the final examination; otherwise a grade of zero will be assigned.

All other course components will also be accessed, submitted, and returned through D2L.

Reappraisal of Grades:

For Reappraisal of Graded Term Work, see Calendar I.2

<http://www.ucalgary.ca/pubs/calendar/current/i-2.html>

For Reappraisal of Final Grade, see Calendar I.3

<http://www.ucalgary.ca/pubs/calendar/current/i-3.html>

Academic Misconduct:

Academic Misconduct refers to student behavior that compromises proper assessment of a student's academic activities and includes: cheating; fabrication; falsification; plagiarism; unauthorized assistance; failure to comply with an instructor's expectations regarding conduct required of students completing academic assessments in their courses; and failure to comply with exam regulations applied by the Registrar.

A student that commits academic misconduct during the final exam will not receive a passing grade for the course.

For information on the Student Academic Misconduct Policy and Procedure please visit:

<https://ucalgary.ca/policies/files/policies/student-academic-misconduct-policy.pdf>

<https://ucalgary.ca/policies/files/policies/student-academic-misconduct-procedure.pdf>

Additional information is available on the Academic Integrity Website at <https://ucalgary.ca/student-services/student-success/learning/academic-integrity>.

Academic Accommodations:

Students seeking an accommodation based on disability or medical concerns should contact Student Accessibility Services; SAS will process the request and issue letters of accommodation to instructors. Students who require an accommodation in relation to their coursework based on a protected ground other than disability should communicate this need in writing to their Instructor. The full policy on Student Accommodations is available at <http://www.ucalgary.ca/policies/files/policies/student-accommodation-policy.pdf>.

Freedom of Information and Protection of Privacy (FOIP) Act:

Personal information is collected in accordance with FOIP. Assignments can only be returned to the student and will be accessible only to authorized faculty and staff. For more information, see <http://www.ucalgary.ca/legalservices/files/legalservices/faq-students.pdf> and http://www.ucalgary.ca/legalservices/files/legalservices/faq-faculty_0.pdf.

Internet and Electronic Communication Device information:

The use of cell phones for any purpose in class is prohibited. Computers and tablets may be used for note taking only unless otherwise authorized by the instructor.

Copyright Legislation:

See the University of Calgary policy on Acceptable Use of Material Protected by Copyright at www.ucalgary.ca/policies/files/policies/acceptable-use-of-material-protected-by-copyright.pdf. Students who use material protected by copyright in violation of this policy may be disciplined under the Non-Academic Misconduct Policy. Course materials created by instructors (including recorded lectures, presentations, posted notes, labs, case studies, assignments, and exams) remain the intellectual property of the instructor. These materials may NOT be reproduced, redistributed or copied without the

explicit consent of the instructor. The posting of course materials to any third party websites, including note-sharing sites, without permission is prohibited.

Recording of Lectures:

Recording of lectures is prohibited, except for audio recordings authorized as an accommodation by SAS or an audio recording for individual private study and only with the written permission of the instructor. Any unauthorized electronic or mechanical recording of lectures, their transcription, copying, or distribution (including posting or distributing online), constitutes academic misconduct. See <https://www.ucalgary.ca/pubs/calendar/current/e-6.html>.

Important Dates:

Please check: <http://www.ucalgary.ca/pubs/calendar/current/academic-schedule.html>.

Student Organizations:

Faculty of Arts Students' Association (F.A.S.A.):

Economics Department Representative

E-mail: econrep@fasaucalgary.ca and Web: www.fasaucalgary.ca.

Society of Undergraduates in Economics:

<https://www.ucalgarysue.com/>.

Society of Undergraduates in Economics is a student run organization whose main purpose is to assist undergraduate economics students to succeed both academically and socially at the University of Calgary. Services include access to the exam bank, career events such as Industry Night and information sessions, mentorship programs, and social events for members. They invite you to join by contacting SUE at societyofundergradsineconomics@gmail.com.

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! 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, including program planning and advice.
- For registration (add/drop/swap), paying fees and assistance with your Student Centre, contact Enrolment Services at 403-210-ROCK [7625].

Student Support and Resources:

- See <https://www.ucalgary.ca/registrar/registration/course-outlines> for information on campus mental health resources, the Student Ombuds' Office, Student Success Centre, Safewalk, and Emergency Evacuation and Assembly.
- Online writing resources are available at <https://ucalgary.ca/student-services/student-success/writing-support>.

Notes:

1. Students are responsible for all assigned material, e.g., supplementary material posted on D2L, regardless of whether or not the material was covered in class.
2. A detailed list of topics and readings will be provided. Required and recommended readings will be drawn from the textbook and electronically from the Library Collection (including reserves).