

**Economics 5360/6360**  
**Law 7080—001**  
**The Economics of Market Power and Antitrust Law**  
Fall Semester 2023

Class Periods: Tuesdays and Thursdays, 2:00pm-3:20pm MT in Gardner Commons 2675

**Instructor:** Marshall Steinbaum

**Email:** marshall.steinbaum@economics.utah.edu. Please contact me directly by email, not through the Canvas email system.

**Office Hours:** 3:30pm-4:30pm MT on Tuesdays, or by appointment. GC 4229.

**Required Materials**

There is no required textbook for this course. Required readings will be made available on Canvas. That means that taking careful notes during the lectures is very important.

**Course Description**

This course provides an introduction to the subfield of economics known as Industrial Organization (IO), meaning the study of firms, markets, supply chains, and industries in which there is scope for strategic interaction. The unit of analysis in IO is typically the firm operating in a market, supply chain, or industry, where it competes with a finite (small) number of other firms. This contrasts with microeconomics, which focuses on individuals and their decisions, and macroeconomics, which focuses on whole countries' economies.

The course is roughly divided in half: the first half (units I-II) is about theory, and the second half (units III-VI) is about applications of those theories to the real world. The course starts with an overview of different models of competition in markets: perfect competition, monopoly, oligopoly, product differentiation, and price discrimination. We will cover how to tell which of these models characterizes a particular market and how to determine whether a firm possesses market power in the market(s) where it operates. We will then cover supply chains and multi-sided platforms (unit II), in which the theories of competition and market power in a single market are extended to multiple vertically-related markets.

After the midterm exam, unit III will be about antitrust policy in general, as well as in-depth discussion of the actions undertaken against the major tech platforms over the last few years, followed by unit IV about corporate governance and the internal structure of firms. Unit V will cover regulated industries and utilities, in which competition is assumed not to be as relevant, so prices and entry are set by policy. Unit VI will be a relatively in-depth study of the healthcare industry, in which competition issues are rampant and intertwined with corporate governance, consumer protection, and a host of other market failures.

## Assessment

Evaluation will take the form of weekly problem sets for the first half of the semester (in units I-II), two in-class presentations in the second half of the semester, and midterm and final exams. Students enrolled in either ECON 6360 or LAW 7080 will have to submit a brief research paper along with their second in-class presentation. Both exams will be administered in person. For each in-class exam, students may refer to one page of notes while taking the test, but no other external sources.

## Grading Policy

Final grades will be determined by weighted numerical average (not the raw averages reported on Canvas).

Problem sets (weekly, first half):	15%
In-class presentations (two in the second half):	25%
Midterm Exam:	25%
Final Exam (cumulative):	35%

## Course Outcomes

By the end of this course, you should be able to

- Relate observable outcomes in a market, like concentration, markups, and entry, to the degree of competition in that market.
- Understand the distinction between residual and market demand elasticity, and its significance.
- Solve and compare numerical models of competition in a market.
- Explain how supply chains work and the concepts of foreclosure and neutrality/non-discrimination.
- Explain how vertical restraints can or cannot be used to prevent competition and increase a firm's market power.
- Understand the dynamics of multi-sided platforms and network effects.
- Relate the internal structure of corporations to their conduct and strategy vis a vis other firms with which they compete.
- Understand basic antitrust concepts: mergers, conduct, market power, predation, exclusion, and price discrimination.
- Understand the economic issues underlying major tech platform antitrust cases
- Comprehend basic concepts in regulation: entry restrictions, cross-subsidization, and non-discrimination.
- Apply all of these insights to the healthcare industry, with its many overlapping market failures.

## University Policies

1. ***The Americans with Disabilities Act.*** The University of Utah seeks to provide equal access to its programs, services, and activities for people with disabilities. If you will need accommodations in this class, reasonable prior notice needs to be given to the

Center for Disability Services, 162 Olpin Union Building, (801) 581-5020. CDS will work with you and the instructor to make arrangements for accommodations. All written information in this course can be made available in an alternative format with prior notification to the Center for Disability Services.

2. **University Safety Statement.** The University of Utah values the safety of all campus community members. To report suspicious activity or to request a courtesy escort, call campus police at 801-585-COPS (801-585-2677). You will receive important emergency alerts and safety messages regarding campus safety via text message. For more information regarding safety and to view available training resources, including helpful videos, visit [safeu.utah.edu](http://safeu.utah.edu).
3. **Addressing Sexual Misconduct.** Title IX makes it clear that violence and harassment based on sex and gender (which includes sexual orientation and gender identity/expression) is a civil rights offense subject to the same kinds of accountability and the same kinds of support applied to offenses against other protected categories such as race, national origin, color, religion, age, status as a person with a disability, veteran's status or genetic information. If you or someone you know has been harassed or assaulted, you are encouraged to report it to the Title IX Coordinator in the Office of Equal Opportunity and Affirmative Action, 135 Park Building, 801-581-8365, or the Office of the Dean of Students, 270 Union Building, 801-581-7066. For support and confidential consultation, contact the Center for Student Wellness, 426 SSB, 801-581-7776. To report to the police, contact the Department of Public Safety, 801-585-2677(COPS).
4. **Undocumented Student Support Statement.** Immigration is a complex phenomenon with broad impact—those who are directly affected by it, as well as those who are indirectly affected by their relationships with family members, friends, and loved ones. If your immigration status presents obstacles to engaging in specific activities or fulfilling specific course criteria, confidential arrangements may be requested from the Dream Center. Arrangements with the Dream Center will not jeopardize your student status, your financial aid, or any other part of your residence. The Dream Center offers a wide range of resources to support undocumented students (with and without DACA) as well as students from mixed-status families. To learn more, please contact the Dream Center at 801.213.3697 or visit [dream.utah.edu](http://dream.utah.edu).
5. **Attendance.** Attendance at in-person lectures is required. Some lectures may have to be moved online, as needed. The university has announced that all lectures on Thursday, August 31<sup>st</sup>, 2023 should be moved to Zoom, which affects one lecture in this course.

If you need to seek an ADA accommodation to request an exception to this attendance policy due to a disability, please contact the Center for Disability and Access (CDA). CDA will work with us to determine what, if any, ADA accommodations are reasonable and appropriate.

## Course Policies

Lecture Notes: Since there is no textbook, taking careful notes during the lectures is extremely important. Students are encouraged to compare notes with one another.

Group work: Collaboration is encouraged on the problem sets, but everyone should turn in their own writeup.

Punctuality: Lectures will commence promptly at the scheduled time. Late arrivals can be disruptive.

Participation: All students are expected to participate in class discussions.

Canvas: It is students' responsibility to keep up with material posted to Canvas.

Academic integrity: Plagiarism is strictly prohibited. If you are detected copying the work of others, either fellow students or published material, the minimum penalty is a grade of zero on whatever exam or assignment is plagiarized. Additional penalties, as specified in university policies, may be applied above that.

### Letter Grade Distribution:

$\geq 93.00$ A	73.00 - 76.99 C
90.00 - 92.99 A-	70.00 - 72.99 C-
87.00 - 89.99 B+	67.00 - 69.99 D+
83.00 - 86.99 B	63.00 - 66.99 D
80.00 - 82.99 B-	60.00 - 62.99 D-
77.00 - 79.99 C+	$\leq 59.99$ F

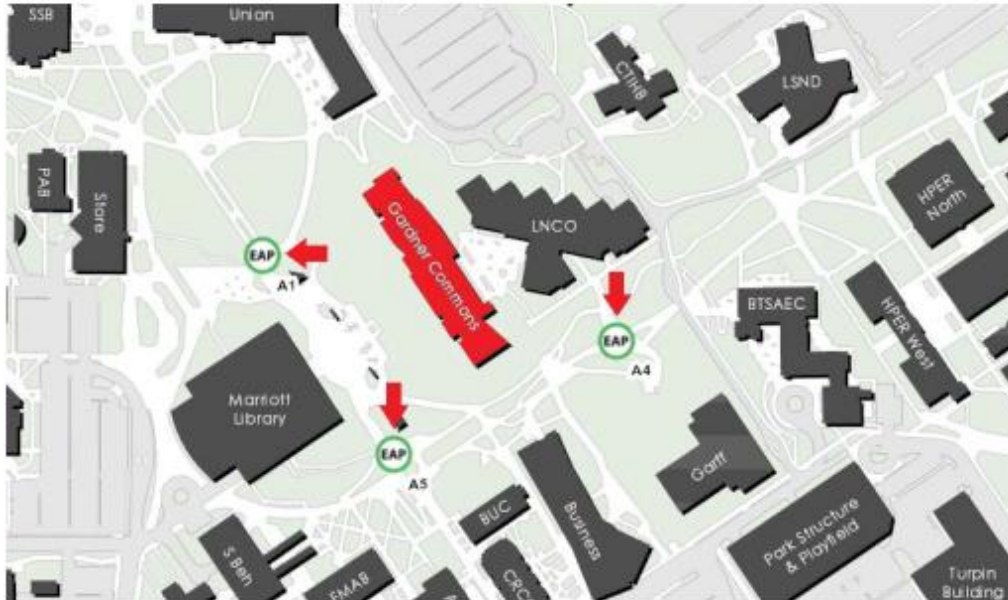
## Course Schedule

<u>Date</u>	<u>Topic</u>
<b>Week 1:</b> August 21st	<b>Unit I: Theoretical Models of Competition</b> Introduction Perfect Competition Monopoly Residual and Market Demand Elasticity Substitutable and Complementary Goods
<b>Week 2:</b> August 28th	Cournot and Bertrand Oligopoly Sequential competition (Stackelberg)
<b>Week 3:</b> September 4th	The Hotelling Model of Product Differentiation Entry as a remedy for market power
<b>Week 4:</b> September 11th	Price Discrimination under Monopoly and Oligopoly
<b>Week 5:</b> September 18th	<b>Unit II: Supply Chains and Multi-sided Platforms</b> Foreclosure Vertical Integration
<b>Week 6:</b> September 25th	Vertical restraints Introduction to network effects
<b>Week 7:</b> October 2 <sup>nd</sup>	Multiple equilibria on one-sided platforms Monopolistic two-sided platforms with homogeneous agents Oligopolistic two-sided platforms with heterogeneous agents Multi-homing and Most-favored Nations clauses Algorithmic Pricing
	<b>Midterm Exam (Thursday, October 5<sup>th</sup>, in class)</b>
<b>Week 8:</b> October 9th	<b>FALL BREAK</b>

<b>Week 9:</b> October 16th	<b>Unit III: Introduction to Antitrust Policy</b> The Consumer Welfare Standard Market Power in Antitrust Unilateral and Multilateral Conduct Mergers
<b>Week 10:</b> October 23 <sup>rd</sup>	Tech platform antitrust cases
	<b>In-class antitrust case presentations (starting Thursday, October 26<sup>th</sup>)</b>
<b>Week 11:</b> October 30th	Continue in-class antitrust presentations (if necessary)
	<b>Unit IV: Corporate Governance</b>
<b>Week 12:</b> November 6th	Common ownership Private Equity
	<b>Unit VI: Regulated Industries and Utilities</b>
<b>Week 13:</b> November 13 <sup>th</sup>	Case studies of (de-)regulated industries: <ul style="list-style-type: none"> <li>• Electricity</li> <li>• Transportation</li> <li>• Communications</li> </ul>
<b>Week 14:</b> November 20th	<b>Unit VI: Healthcare</b>
<b>Week 15:</b> November 27th	Wrap up Healthcare
	<b>In-class presentations about current policy, litigation &amp; regulation (starting Thursday, November 30<sup>th</sup>)</b>
<b>Week 16:</b> December 4th	<b>Continue in-class presentations</b>
<b>FINAL EXAM:</b>	<b>Tuesday, December 12<sup>th</sup> at 2pm MST</b>

*Note: This syllabus is meant to serve as an outline and guide for our course. I may modify it with reasonable notice to you. I may also modify the Course Schedule to accommodate the needs of our class. Any changes will be announced in class and posted on Canvas.*

# CSBS EMERGENCY ACTION PLAN



## BUILDING EVACUATION

EAP (Emergency Assembly Point) – When you receive a notification to evacuate the building either by campus text alert system or by building fire alarm, please follow your instructor in an orderly fashion to the EAP marked on the map below. Once everyone is at the EAP, you will receive further instructions from Emergency Management personnel. You can also look up the EAP for any building you may be in on campus at <http://emergencymanagement.utah.edu/eap>.



## CAMPUS RESOURCES

**U Heads Up App:** There's an app for that. Download the app on your smartphone at [alert.utah.edu/headsup](http://alert.utah.edu/headsup) to access the following resources:

- **Emergency Response Guide:** Provides instructions on how to handle any type of emergency, such as earthquake, utility failure, fire, active shooter, etc. Flip charts with this information are also available around campus.
- **See Something, Say Something:** Report unsafe or hazardous conditions on campus. If you see a life threatening or emergency situation, please call 911!

**Safety Escorts:** For students who are on campus at night or past business hours and would like an escort to your car, please call 801-585-2677. You can call 24/7 and a security officer will be sent to walk with you or give you a ride to your desired on-campus location.