

Revised March 27, 2020

Economics 571 (L01) (Competition Policy)

Instructor: J. Church
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Lecture Location: MS 211
Lecture Days/Time: TR 12:30-13:45

Office: SS 442
Office Hours: W 14:00-16:00

(Winter 2020)

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. Optimal Enforcement Rules
- II. Fundamentals

- A. Market Power, Product Differentiation, and Market Definition
- B. Entry Barriers and Entry Deterrence
- III. Coordinated Behaviour
- IV. Horizontal Mergers
- V. Introduction to Abuse of Dominant Position and Monopolization
- VI. Vertical Restraints
- VII. Predation

A detailed list of topics and readings will be provided.

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.

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/>

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

Recommended Textbook(s):

Hovenkamp, H., 2015. *Federal Antitrust Policy, The Law of Competition and Its Practice*, 5th edition. St. Paul, MN: West Academic Publishing. Available from Amazon.ca at https://www.amazon.ca/Federal-Antitrust-Policy-Competition-Practice/dp/0314290362/ref=sr_1_7?qid=1576339698&refinements=p_27%3AHerbert+Hovenk&s=books&sr=1-7.

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.

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

- Facey, B. and D. Assaf. 2019. *Competition and Antitrust Law – Canada and the United States*. 5th ed. LexisNexis Canada.
- Fumagalli, C., M. Matto, and C. Calcagno. 2018. *Exclusionary Practices: The Economics of Monopolisation and Abuse of Dominance*. Cambridge: Cambridge University Press.
- Hovenkamp, H. 2015. *Federal Antitrust Policy*. 5th Edition. St. Paul, Min.: West.
- Hovenkamp, H. 2017. *Principles of Antitrust*. 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. 2019. *The Antitrust Revolution*. 7th 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. 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.
- Trebilcock, M. et al. 2002. *The Law and Economics of Canadian Competition Policy*. Toronto: University of Toronto Press.

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> 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.

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>.

Students must receive a passing grade on the final exam to pass the course.

If a student's letter grade on the final exam exceeds their midterm(s) letter grade, the weight of the midterm(s) is (are) transferred to the final exam. 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>.

Any student work which remains undistributed after the last day of classes will be available to students through the instructor's office during the instructor's office hours.

Confirming to University policy in response to the COVID-19 virus the final exam will be an open book, take-home final, administered through D2L. It will be due at the same time your Registrar scheduled final exam was to end, i.e., 17:30 April 27. It will be available 24 hours before that on D2L and it will be handed in using Dropbox on D2L. This replaces the existing statement in the course outline: "The final examination will be comprehensive, scheduled by the Registrar, held in a classroom, and last 2 hours."

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 involve multiple choice questions.

Programmable calculators, cellphones, textbooks, course notes, and other electronic devices will not be allowed during the writing of tests or final examinations. Students are reminded that simply being able to access their cellphone during an exam is academic misconduct.

The exact date for the in-class midterm will be announced at least one week in advance.

THERE WILL BE NO MAKEUP OR DEFERRED QUIZZES/TESTS/EXAMS under any circumstances, nor may the quizzes/tests/exams be written early. Students unable to write the quizzes/tests/exams 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.

Reappraisal of Grades and Intellectual Honesty:

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>

Statement of Intellectual Honesty, see Calendar K.4

<http://www.ucalgary.ca/pubs/calendar/current/k-4.html>

Plagiarism and Other Academic Misconduct, see Calendar K.5

<http://www.ucalgary.ca/pubs/calendar/current/k-5.html>

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.

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.

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, 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

Office: SS 803, 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! 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, 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] or visit them in the MacKimmie Library Block.

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.

UNIVERSITY OF CALGARY

DEPARTMENT OF ECONOMICS

ECONOMICS 571

AMENDMENT TO COURSE OUTLINE

J. Church

Winter 2020

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