

Competition Policy

Zaeslin Program on Law and Economics
University of Basel, Switzerland

COURSE SYLLABUS August 2018

Professor John W. Mayo
Professor of Economics, Business and Public Policy
Georgetown University
McDonough School of Business
Rafik Hariri Building
37th and O Streets, N.W.
Washington, D.C. 20057

Telephone: (202)687-6972
Facsimile: (202) 687-4012
E-Mail: mayoj@georgetown.edu

PURPOSE: The purpose of this course is to provide an interactive learning experience that highlights the economic, legal and policy foundations of competition policy. The course will consist of both lectures and student participation.

Through this experience a number of specific benefits will result. First, at a very general level, students will gain an enhanced understanding of when markets work and when markets fail. This deeper understanding of markets, in turn, provides the relevant benchmark against which to judge appropriate and inappropriate government policies toward business. Second, a more specific set of benefits flow from a detailed study of antitrust and regulatory policies. These policies shape industry structure and, therefore, strategy in many industries. Specific examples include recent and lively debates in the United States and around the world regarding mergers, monopolization, broadband access to the Internet and privatization and deregulation of the electric utility industry. Finally, the specific cases discussed will focus on active and visible “new economy” industries. An improved exposure to these industries enriches and broadens business knowledge.

Course Chronology

Overview:

- August 20 - Introduction: Why Competition Policy?
- August 21 - Price Fixing
- August 22 - Monopolization
- August 23 - The Law and Economics of Mergers
- August 27 - Vertical Relations and Restraints
- August 28 - Market Power Issues in Regulated Industries
- August 29 - New Developments and Gray Areas of Antitrust
- August 30 - Student Presentations

Class by class:

August 20 - Introduction: Why Competition Policy?

[1] Kaserman, David L. and John W. Mayo, Government and Business: The Economics of Antitrust and Regulation, Dryden Press, 1995, Chapter 1.

[2] US Department of Justice "Antitrust Enforcement and the Consumer" See US DOJ website at http://www.justice.gov/atr/public/div_stats/antitrust-enfor-consumer.pdf

[3] Caselet discussion: Joseph Treaster "Hurricane Charlie: The Economics" New York Times, August 18, 2004. Available at: <http://www.nytimes.com/2004/08/18/us/hurricane-charley-economics-with-storm-gone-floridians-are-hit-with-price.html>

[4] Caselet discussion: FTC v. Bumble Bee – "Cents off" discounts and rebates. See U.S. Federal Trade Commission website at: <https://www.ftc.gov/sites/default/files/documents/cases/2000/06/ftc.gov-bumblebeecmp.htm>

August 21 – Competition Policy - Price Fixing

[1] Motto, Massimo Competition Policy, Cambridge University Press, 2004, Chapter 1, pp. 1-38.

[2] Kaserman and Mayo, Chapter 5, pp. 151-166

[3] "Competitive Impact Statement" United States of America v. Consolidated Multiple Listing Service, Inc. See <http://www.usdoj.gov/atr/cases/f245600/245676.htm>

[4] Department of Justice “Leniency Policy for Individuals” and “Corporate Leniency Policy.” See US Department of Justice, Antitrust Division website at <http://www.justice.gov/atr/public/criminal/leniency.html>

[5] Caselet discussion: “Co-op seeks to Corner the Potato Market” Wall Street Journal, October 8, 2006. <http://www.spokesman.com/stories/2006/oct/08/co-op-seeks-to-corner-the-potato-market/>

August 22 – Monopolization

[1] Kaserman and Mayo, Chapter 4.

[2] Salop, Steven and David Scheffman “Raising Rivals’ Costs,” American Economic Review, Vol. 73, May 1983, pp. 267-271.

[3] Macher, J.T and J.W. Mayo “Making a Market out of a Molehill: Geographic Market Definition on Aspen Skiing” Journal of Competition Law and Economics, 6(4) September 2010, pp 911-926.

August 23 - The Law and Economics of Mergers

[1] Kaserman and Mayo, Chapter 7

[2] “Horizontal Merger Guidelines,” U.S. Department of Justice Antitrust Division and the Federal Trade Commission, Issued August 19, 2010. Available at: <http://www.justice.gov/atr/public/guidelines/hmg-2010.html>

August 27: Vertical Relations and Restraints

[1] Cabral, Luis “Vertical Relations,” Chapter 11 in Introduction to Industrial Organization, MIT Press, 2000, pp. 189-203.

[2] Case Discussion: Toys “R” Us

[3] Dominick Armentano, “The Toys “R” Us Case: Call Off the Antitrust Dogs,” The Future of Freedom Foundation, June 1996 <http://fff.org/explore-freedom/article/toys-case-call-antitrust-dogs/>

[3] Toys “R” Us, In., v. Federal Trade Commission, Decided August 1, 2000.
<https://www.ftc.gov/enforcement/cases-proceedings/941-0040/toys-r-us-matter>

August 28 – Market Power Issues in Regulated Industries

[1] Kaserman and Mayo, Chapter 18, pp. 583-594.

[2] Kaserman, David and John W. Mayo “Is the ‘Dominant Firm’ Dominant? An Empirical Analysis of AT&T’s Market Power” Journal of Law and Economics, Vol. 39, October 1996, pp. 499-517.

August 29 – New Developments and Gray Areas in Antitrust

[1] The Role of New Technologies and Disruptive Technologies-
Philadelphia Taxi Association, et al. v. Uber Technologies, Inc. Available at:
<http://www2.ca3.uscourts.gov/opinarch/171871p.pdf> **[Please read only pp. 1-19]**

[2] Vertical Merger Analysis
“AT&T Wins Approval for \$85.4 Billion Time Warner Deal in Defeat for Justice Dept.” New York Times, June 12, 2018. Available at:
<https://www.nytimes.com/2018/06/12/business/dealbook/att-time-warner-ruling-antitrust-case.html?action=click&module=RelatedCoverage&pgtype=Article®ion=Footer>

[3] “AT&T-Time Warner Decision Shows Need to Rethink Antitrust Laws.” New York Times, June 13, 2018. Available at:
https://www.nytimes.com/2018/06/13/business/att-time-warner-antitrust-stewart.html?rref=collection%2Fbyline%2Fjames-b.-stewart&action=click&contentCollection=undefined®ion=stream&module=stream_unit&version=latest&contentPlacement=1&pgtype=collection

[4] Salop, Steven C “Invigorating Vertical Merger Enforcement.” Yale Law Journal, Vol. 127, 2018, pp. 1962-1994.

August 30 – Student Presentations (Antitrust trials)

Cases (subject to change):

[1] Microsoft (1998)

[2] FTC v. Whole Foods (2007)

[3] U.S. v. Apple, Inc., et al.