

E/M 386 Government and Business

Fall, 2015

Larry Wohl, Beck Hall 161

Phone: 7453 (office); 934-4041 (home); **E-mail:** law@gac.edu

Office Hours: 9:15-9:50, MTWF and 2:30-3:30, MW, and by appointment

Texts: *Antitrust Economics*, 2nd edition, Roger D. Blair and David Kaserman, Oxford University Press, 2009

E/M 386 Antitrust Cases on Moodle

This course examines the success of the marketplace in promoting social welfare, and the attempts of government to correct perceived market deficiencies through antitrust policies. In the past thirty years or so, we have gone through a cycle where blanket criticism of "big government" has followed a period in which many blamed most of our problems on "big business". Indications seem to suggest that pendulum may now again be swinging back in the other direction, following financial scandals such as Enron, the sub-prime mortgage crisis, \$4.00 gasoline, the BP oil spill in the Gulf, Medtronic's "tax inversion" merger, and so on. However, many still argue that the economy remains burdened by regulation, so the pendulum may just be quivering instead of swinging in one clear direction.

One goal of this course is to present a balanced analysis of government policy and market performance without subscribing to the ideological positions of either of the policies' supporters or detractors. I expect each of you to be able to make your own informed judgment on various issues we examine, even if we encounter major disagreements in the discussion. But not all opinions are equally valid--you need to be able to clearly articulate your positions, and defend them against those of critics. Even if you and I disagree on an issue, I'll gladly entertain a persuasive case for your position that goes well beyond political and ideological rhetoric and indicates a good understanding of opposing economic and philosophical viewpoints.

The format of the course will periodically rely heavily on class discussion of assigned cases, many of which are available on Moodle, others that are summarized in your text, and still others I will inform you about from other sources. We will trace the development of antitrust law, from the original federal legislation in 1890 up through contemporary cases being decided by the Roberts Supreme Court to gain an appreciation for the workings of the law, how law changes over time, and the integration of economic analysis into law.

Upon completion of the course, you should be able to examine a particular government policy and make some determination as to whether it represents a successful or unsuccessful attempt to promote social welfare, or a piece of special interest legislation that unquestionably decreases social welfare. You should also have a good understanding of how policies are implemented and enforced, and of the types of business conduct and/or environments that are apt to invite government intervention and why.

Class will **normally** meet Monday, Tuesday, Wednesday, and Friday; however, we have a short semester and there are a number of conflicts throughout the semester that will prevent us from meeting on a given day or require us to "make-up" lost time, so keep Thursdays open on your schedules, and our off day, when we have one, may sometimes vary. I will try to announce any deviations from the 'normal' schedule on Mondays of each week.

Grading:

First midterm	75 points
Second and third midterms	100 points each
Principles review take-home	30 points
Homework	50 points
Case write-ups and presentations	75 points
Class discussion/participation	50 points
Final exam (partially comprehensive)	<u>120</u> points
	600 total points

I don't use a set grading scale because the scores depend on the difficulty of the exams and the grading, as well as on your performance. I will announce an approximate curve after each exam so that you can keep track of where you stand, and anytime after midterm, you should feel free to ask me about approximately where you stand in the course (before the second midterm exam, I probably have no idea).

Late homework assignments will not be accepted unless prior arrangements have been made with me if there is some reason you cannot complete the work on time. Homework points may include in-class quizzes, which cannot be made up if you miss them. If you are unable to take an exam when it is scheduled, it is your responsibility to contact me beforehand (or afterwards with a verifiable

medical excuse). Exams are given at night due to their duration (roughly 2 hours), and I will be as flexible as possible with scheduling conflicts. Please check the dates of scheduled exams, and notify me several days before if you will have a conflict so we can work out an alternative time. Class participation will be graded based on your responses to questions asked in class on assigned material, as well as your contributions to class discussion. We will cover a large number of cases, assigned several days in advance, and you will be called upon regularly to discuss assigned cases.

Gustavus has adopted an Honor Code, which you all agreed to abide by when registering. The following statement is to appear on every graded paper: "On my honor, I pledge that I have not given, received, nor tolerated others' use of unauthorized aid in completing this work." Although I have never needed to implement it, I inform you now that my policy is to give a zero on the first offense, and flunk anyone caught cheating or using someone else's work on exams or homework a second time. On homework assignments, I expect the work you turn in to be your own, but you are encouraged to work with others unless specifically asked not to do so. Homework assignments are intended to help your preparation for exams, so you need to be able to do the work independently. At the same time, you can learn a lot from each other, and it is important to take advantage of that opportunity. Full descriptions of the Academic Honesty Policy and the Honor Code can be found in the Academic Catalog (online at www.gustavus.edu/general_catalog/current/acainfo). For more information about the Honor Code, contact Dean Brenda Kelly (bkelly@gustavus.edu or x7541).

Gustavus Adolphus College is committed to ensuring the full participation of all students in its programs. If you have a documented disability (or you think you may have a disability of any nature) and, as a result, need reasonable academic accommodation to participate in class, take tests or benefit from the College's services, then you should speak with the Disability Services staff, for a confidential discussion of your needs and appropriate plans. Course requirements cannot be waived, but reasonable accommodations may be provided based on disability documentation and course outcomes. Accommodations cannot be made retroactively; therefore, to maximize your academic success at Gustavus, please contact Disability Services as early as possible. Disability Services (www.gustavus.edu/advising/disability/) is located in the Academic Support Center. Disability Services Coordinator, Kelly Karstad, (kkarstad@gustavus.edu or x7138), can provide further information.

Support for English learners and multilingual students is available through the Academic Support Center's Multilingual Learner Academic Specialist, Jody Bryant (jbryant2@gustavus.edu or x7197). The MLAS can meet individually with students for tutoring in writing, consulting about academic tasks, and helping students connect with the College's support systems. When requested, the MLAS can consult with faculty regarding effective classroom strategies for English learners and multilingual students. The MLAS can provide students with a letter to a professor that explains and supports appropriate academic arrangements (e.g., additional time on tests, additional revisions for papers). Professors make decisions based on those recommendations at their own discretion. In addition, English learners and multilingual students can seek help from peer tutors in the Writing Center (www.gustavus.edu/writingcenter/).

The class began a significant evolution last year, and each class is somewhat different in how quickly they work through and grasp the material, especially as discussion of the cases develops. Hence, the schedule below is approximate. However, we will stick fairly close to it and try to keep exams on the dates noted. Specific reading assignments will be announced in class.

Tentative Schedule

Weeks 1-4 (9/8, 9/14, 9/21, 9/28) Introduction and review; Chapters 1-3 and 6 in the text and other assigned material

Exam #1 tentatively scheduled for the evening of Wednesday, September 30

Weeks 4-8 (10/1, 10/5, 10/13, 10/20, 10/27) Antitrust policy Monopolization and Mergers, Chapters 4-5, 7, and 12 in text and assigned cases to be distributed

Exam #2, tentatively scheduled for the evening of Monday, November 2

Weeks 9-11 (11/3, 11/9, 11/16) Exclusionary practices, Collusion, Chapters 8-11 and assigned cases to be distributed

Exam #3, tentatively scheduled for the evening of Monday, November 23

Weeks 12-14 (11/30, 12/7, 12/14) Price Discrimination, Maximum Retail Prices, Retail Price Maintenance, Tying, Exclusive Dealing, and Territorial Restrictions, Chapters 13, 16-18, 20-21 and a case to be distributed

Final Exam tentatively scheduled for 3:30 pm, Saturday, December 19 (will be partially take-home)