



E C O N O M I C S 4 5 1
B U S I N E S S
A N D
G O V E R N M E N T

V I T A L I N F O R M A T I O N

Professor: Dr. Aaron Finkle Meeting Times/Loc.: MW 2:30-3:45, ACD 201 Office Hours/Loc.: TBA, CRVN 6231 eMail: afinkle@csusm.edu web: WebCT
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A B O U T T H E C O U R S E

Business and Government studies the behavior of firms in the marketplace and their often-controversial relationship with government regulators. In particular we will use microeconomic theory to analyze the behavior of firms and regulators as well as critically analyze issues in antitrust. Attention will be paid to how business strategy and public policy affect industry performance and ultimately consumer welfare.

The primary objective of this course is to aid students understanding of the nature of government involvement in the free market. Students will learn to critically analyze the role of antitrust and regulation in our society. The culmination of this knowledge will be in a presentation and paper analyzing a current case in antitrust or regulation.

The course will begin with a theoretical discussion of how markets operate and conditions under which they might be expected to lead to inadequate outcomes. The focus will then shift to study particular areas of regulation and affected industries, with a goal of understanding the motivations for intervention as well as the intended and unintended consequences for consumers and firms. We will look at the major antitrust milestones and critically examine their outcomes. We will also look at how the relationship between business and government has changed over time.

R E Q U I R E D R E A D I N G M A T E R I A L S

- Viscusi, Harrington and Vernon. *Economics of Regulation and Antitrust*, 4ed. MIT Press, 2005. <http://mitpress.mit.edu/catalog/item/default.asp?tttype=2&tid=10586>
- Additional articles, readings, notes and assignments are available through WebCT. If you have questions on accessing these services, contact me as soon as possible (it gets embarrassing to ask after the 2nd week)

C O U R S E R E Q U I R E M E N T S

Your grade in this course will be determined by the following:

- (15%) Exam 1;
- (15%) Exam 2
- (25%) Final Exam
- (15%) Problem Sets & In-Class Work (quizzes, group work, etc)
- (30%) Presentation & Paper

Quizzes, Exams and the Final

Exams are a mixture of problem solving and essays. The final exam will be comprehensive of the material from class and the student presentations. Quizzes may be periodically given unannounced to check your understanding of the most recent material and readings.

Attendance and Classroom Participation

Every student is expected to attend class and participate in class. I will use class time to call on students and expect you to have done the readings. If you miss class, you are responsible for obtaining class notes, assignments, etc. You are also expected to actively engage in class through asking and answering questions. To encourage active learning, your participation in class is used to improve your assigned grade.

Problem Sets

Problem sets will be assigned throughout the semester. They are not weighted heavily and I will only review them to make sure you are providing sufficient consideration, but the main benefit you will find is improved quiz and test performance.

Presentations

The last weeks of class will be dedicated to student presentations on selected antitrust or regulatory cases. This will be accompanied by a brief report with analysis (~2500 words). Presentations are to be on a recent issue in antitrust or regulation not covered in class. Presentations should include slides or Powerpoint and last between 10 to 20 minutes plus time for questions.

Readings and Message Board Postings

All readings are listed on the schedule for the day they are to be completed. Please check the webpage regularly for updates and readings.

Missed Things

There is no makeup for missed quizzes and homework turned in after the due day will not be graded (you will be assigned a zero). If you miss an exam, I will use your final exam grade but subtract 10 percentage points to replace the missed exam grade.

I expect you to use common etiquette in the classroom. If you need to leave class early, please inform me at the start of class. Avoid exiting/entering the classroom during class, as it is very distracting to others. Cell phones are not to be used including text messaging during class. If you plan to do other work or cannot stay awake during class, please do not come! It is not only bothersome to me, but is insulting and disruptive to your peers.

Finally, this is your class. If you have any thoughts, ideas, concerns with the structure, conduct, or performance of the class, please do not hesitate to speak with me. I encourage feedback and want to make this class enjoyable as well as instructional for you.

T E N A T I V E C O U R S E O U T L I N E

Review of Producer Theory and Competitive Markets
Market Failures and the Role of Government and Regulation
The Theory of Monopoly and Antitrust
Monopolization and Price Discrimination
Landmark Cases in Antitrust
Strategic Behavior, Oligopoly, and Collusion
Horizontal Mergers, Market Concentration
Predation, Entry Deterrence
Natural Monopoly Regulation
Regulation of Electricity Markets
Product Safety
Patents and Intellectual Property
Student Presentations

U S E F U L L I N K S

Federal Government Links

U.S. Department of Justice Antitrust Division: <http://www.usdoj.gov/atr/>
Federal Trade Commission: <http://www.ftc.gov/>
U.S. Federal Energy Regulatory Commission (FERC) <http://www.ferc.gov/>
Federal Communications Commission (FCC) <http://www.fcc.gov/>

Papers and Periodicals

Regulation (CATO) <http://www.cato.org/pubs/regulation/>
JSTOR (www.jstor.org),
EconLit (through library – economic database search engine)
The Economist, The Wall Street Journal, Financial Times, The New York Times, Business Week

Other Links

American Bar Association Antitrust Section <http://www.abanet.org/antitrust/>
FindLaw (case studies & news) <http://www.findlaw.com/01topics/01antitrust/index.html>
Lexis-Nexus (through library)