

ECON 345
Public Policy Towards Business
Fall 2019

Section Number: 345.001
Department: Economics
Lecture Times: MWF 11:15am-12:05pm
Classroom: Gardner 308
Prerequisites: ECON 101 and ECON 310 or 410

Instructor: Garrett Scott
Email: gaescott@live.unc.edu
Office Hours: M 12:30-1:30pm & Th 2:00-3:00pm
Office: Carroll 046
Website: Sakai

1. Course Description

Why is it that airplane tickets get more expensive on the day of the flight, but Broadway tickets get less expensive on the day of the show? Why did the Justice department not allow Office Depot and Staples to merge? Would consumers be better off if they could purchase cable channels individually? In this course, we will use some basic mathematical concepts to help us answer important questions about how businesses behave and, more practically, how government regulation works.

2. Course Goals and Key Learning Objectives

- Develop an analytical toolkit that allows us to examine strategic choices by firms and how those choices impact consumers
- Use real world examples to examine how the US government has handled actual antitrust cases

3. Course Resources

Recommended Text: *The Antitrust Revolution: Economics, Competition and Policy*
(readings assigned from 7th edition)

Authors: Kwoka and White

ISBN-13: 978-0190668839

Optional Text: *Industrial Organization: Contemporary Theory and Empirical Applications*
(optional readings assigned from 5th edition but any addition should work)

Authors: Pepall, Richards and Norman

ISBN-13: 978-1118250303

4. Course Requirements

If you have questions about course materials or course procedures, there are a variety of ways to get help:

- Always check the syllabus first as 90% of course procedure questions are answered in this document
- Use the office hours (in person explanations are the best and most efficient way to get your questions answered)
- If for some reason you cannot get your questions answered during scheduled office hours, please feel free to setup an individual appointment with me or send an email. I will typically respond to emails within 24 hours during the week. If you have not received a response in 48 hours, please resend the email.

5. Course Grades

Participation/Attendance (5%): Participation is a direct portion of your grade and includes engaging in class discussion. We will frequently be doing in-class group activities directly related to the material we are covering. These activities will be turned in and checked only for completion. They will be used to measure attendance.

Problem Sets (15%): You will have (approximately) 5 problem sets throughout the course. You are permitted to work in groups and, if doing so, may turn in one problem set per group. Problem sets are designed to prepare you for exams. Simply putting your name on someone else's work very likely could have an impact on your exam scores. Because exams make up 70% of your grade, it is important that you take these problem sets seriously.

Your work should be neat, easy to follow and well presented. If any of your assignments are messy or unorganized, then you will be required to type up the remaining assignments. The lowest problem set score will be dropped.

Presentation (10%): The last section of the course will be student-led presentations of antitrust cases. You will be assigned to a group of four or five students. A substantial number of cases are available in the textbook. I will also post some potential cases on Sakai. We will discuss the presentation requirements in greater detail as it nears, but in general each student will be required to speak for 4-5 minutes. The group is expected to cover the more important portions of the antitrust cases and economic issues raised by those cases.

Midterm Exam I (20%): There will be a 50 minute in-class midterm on **Friday, September 20th**.

Midterm Exam II (20%): There will be a 50 minute in-class midterm on **Wednesday, November 6th**.

Final Exam (30%): The 3-hour final exam will take place during the exam period on **Tuesday, December 10th at 12pm**. It will be *cumulative* in the sense that all material from the first lecture to the last lecture is fair game.

Grading: This table shows the minimum grade you must achieve for each raw score. I reserve the right to curve grades up if I see fit. This means that a 77% will never earn you less than a C+, but I might decide that students with a 77% actually deserve a B- or a B.

| Grade | A | A- | B+ | B | B- | C+ | C | C- | D+ | D | F |
|---------------|--------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-----|
| Percent Range | 93-100 | 90-92.99 | 87-89.99 | 83-86.99 | 80-82.99 | 77-79.99 | 73-76.99 | 70-72.99 | 67-69.99 | 60-66.99 | <60 |

6. Course Policies

Late/Missed Work Policy

Problem sets are due at the beginning of class on the date specified. Due dates and times of assignments are firm. No late work will be accepted after the due date; however, you are always welcome to turn in your assignments early.

Exams

All exams will be open book and open note. Memorization is not a valuable skill and will not be emphasized in this course. The exams will challenge you to apply the concepts you have learned in class and via the homework assignments.

There will be no makeup or early exams given for any reason whatsoever. If you miss a midterm and present me with a valid and documented excuse **in advance**, your final exam will comprise 50% of your grade. If you have an illness, are participating in a University-sanctioned activity, or the assignment falls on a major religious holiday that has the potential of affecting your performance, your absence will be excused. Where applicable, you must provide documentation from a coach or doctor. The scenarios above are broad but do not cover all acceptable excused absences. I reserve the right to excuse an absence, in which case your final exam will be re-weighted. If you miss an exam for any reason, you should contact me and we can decide on an appropriate course of action going forward.

The final exam is mandatory and will be given at the scheduled time. The UNC Undergraduate Bulletin provides specific and narrow exceptions to this rule. If you believe you qualify for one of these exceptions, you will need to work with the Dean's office and/or Academic Advising in order to reschedule the exam.

Regrade Policy

Regrade requests can be submitted in writing for up one week after the assignment grades have been returned. If you feel that your work has been graded unfairly or incorrectly (this includes errors with grade entry or addition of points), you must justify why you believe your response deserves more points. By submitting a regrade request, you acknowledge that your entire assignment will be regraded and your grade may increase or decrease. All regrades are final.

Accessibility Resources and Service Office

The University of North Carolina – Chapel Hill facilitates the implementation of reasonable accommodations, including resources and services, for students with disabilities, chronic medical conditions, a temporary disability or pregnancy complications resulting in difficulties with accessing learning opportunities. All accommodations are coordinated through the Accessibility Resources and Service Office. In the first instance please visit their website: <http://accessibility.unc.edu>, Tel: 919-962-8300, or Email: accessibility@unc.edu. A student is welcome to initiate the registration process at any time; however, the process can take time. If you are established with ARS, and will require appropriate academic accommodations, please contact me after class, during office hours, or by individual appointment.

Computers and Cell Phones

The use of computers and cell phones is not permitted in the classroom. If you need to use your phone for any reason during class, please step outside the room.

Academic Integrity

As a student of the University of North Carolina you are expected to behave in accordance with the school's honor code. Plagiarism, forgery, unauthorized collaboration, and the use of unauthorized materials are only some of the behaviors that I will not tolerate in this course. If you have any uncertainties about any of your work, please approach me before an assignment's due date. I take academic integrity very seriously and will not hesitate to report any instance where I feel academic integrity has been compromised, either intentionally or unintentionally.

The Instrument of Student Judicial Government can be found here:

<https://studentconduct.unc.edu/sites/studentconduct.unc.edu/files/documents/Instrument.pdf>

7. Course Schedule

As far as possible, the dates of all examinations and due dates for important assignments are listed here. There may be changes to the schedule, including due dates and exam dates. These changes will be announced as early as possible.

Reading assignments are given for the week and relevant to the material taught in class.

PRN = Pepall, Richards, and Norman. This book is slightly more advanced than necessary but provides good written explanations for concepts we cover. The class lectures and slides are a guide to what topics are important within each PRN chapter.

KW = Kwoka and White. This is a book consisting of different antitrust cases. Each case is examined by an economist who worked directly on the case. There are some technical parts that we will skip. Our focus will be on the central economic ideas that they highlight. This will be a critical tool in connecting the models we develop in class to real world applications.

| Week | Dates | Topics | Items Due | Readings |
|------|-------------------------|---|--------------------------------|-------------------------------------|
| 1 | 8/21 8/23 | Introduction Math Review | | PRN: Ch. 1 KW: Intro |
| 2 | 8/26 8/28 8/30 | Review Competition/Monopoly - - | | PRN: Ch. 2 KW: pg. 1-7 |
| 3 | 9/2 9/4 9/6 | No Class – Labor Day Monopoly Pricing/Bundling - | Problem Set 1 | PRN: Ch. 5-6 |
| 4 | 9/9 9/11 9/13 | - - - | | PRN: Ch. 8 |
| 5 | 9/16 9/18 9/20 | - Catch Up/Review In-Class Exam | Problem Set 2 Midterm 1 | |
| 6 | 9/23 9/25 9/27 | Game Theory - - | | PRN: Ch. 9.1-9.3 KW: pg. 7-9 |
| 7 | 9/30 10/2 10/4 | Oligopoly - - | Problem Set 3 | PRN: Ch. 9.4-9.6 KW: pg. 9-13 |
| 8 | 10/7 10/9 10/11 | - - - | | PRN: Ch. 10.1-10.2 KW: pg. 13-20 |
| 9 | 10/14 10/16 10/18 | - - No Class – Fall Break | | PRN: Ch. 3 |
| 10 | 10/21 10/23 10/25 | Oligopoly Extensions - - | Problem Set 4 | PRN: Ch. 11.1 |
| 11 | 10/28 10/30 11/1 | - - - | | PRN: Ch. 11.2-11.3 |
| 12 | 11/4 11/6 11/8 | Catch Up/Review In-Class Exam Cartels/Collusion | Midterm 2 | PRN: Ch. 12 |
| 13 | 11/11 11/13 11/15 | - - Catch Up/Review | | PRN: Ch. 14 |
| 14 | 11/18 11/20 11/22 | Presentations - - | | |
| 15 | 11/25 11/27 11/29 | - No Class – Thanksgiving Break No Class – Thanksgiving Break | Problem Set 5 | |
| 16 | 12/2 12/4 | Presentations Presentation/Review | | |
| 17 | 12/10 | Final Exam from 12-3pm | Final | |