

University of North Carolina at Chapel Hill

Department of Economics

ECON 345-001: Public Policy Toward Business

Spring 2020

MWF 11:15am-12:05pm
Gardner Hall - Room 308

Instructor: Julien Isnard

Email: jpisnard@live.unc.edu

Office: Physical Office in Carroll Hall 46 (see map)

Office Hours: Wednesday from 12:30pm to 1:30am or by appointment

Course Objectives:

Have you ever wondered why plane tickets get more expensive as the departure date gets closer or why Broadway tickets are priced higher on the day of the show? Have you ever questioned why the Justice Department would not allow Office Depot and Staples to merge? Maybe, when you were signing up for cable TV, you wondered whether consumers (or just you) would be better off if they (or you) were able to purchase channels individually, rather than as a package. The goal of this course is to provide students with an analytical toolkit that will allow students to examine the strategic choices firms face and how these choices impact consumers. In this course, students will learn some basic mathematical concepts and pick up a few assumptions that will help students answer abstract questions about how businesses behave and government regulations work. Given that the field of Industrial Organization focuses primarily on markets with imperfect competition, the primary focus will be there, but the tools with which students will leave this course will be useful in a much broader context than that.

Course Format:

Class time will be dedicated to a mixture of activities, each meant to build and reinforce the students' understanding of important economic topics. A large portion will be dedicated to lectures, which are meant to build upon the readings assigned outside of class. Part of the time, students will be given application problems to either introduce a new topic or check student understanding of previous ones. The small portion that remains will be dedicated to answering questions and revisiting topics from previous lectures that seem to have been incompletely understood.

Required Textbook:

Title: The Antitrust Revolution: Economics, Competition and Policy, 7th Edition (2018)

Authors: John E. Kwoka, Jr. and Lawrence J. White

ISBN: 978-019066883

Suggested Textbook:

Title: Industrial Organization: Theory and Applications, 5th Edition (2014)
Authors: Lynne Pepall, Dan Richards, and George Norman
ISBN: 978-1118250303

Attendance & Participation:

Regular attendance and participation is strongly encouraged. Students are responsible for any announcements and material from all classes, whether attended or not. If a student should miss class, he/she should attempt to obtain any notes or announcements from one of his/her peers. It is expected that students will respect their peers and the instructor with appropriate behavior while in class and that you will arrive to class on time.

Electronics Policy:

This being a lecture-based, economics course, there is no need to have access to computers or cell phones during class. Given that such devices are also highly distracting to those around the user, they are forbidden. If you are expecting an important call (such as a response about a job interview or something regarding a family illness), please inform me before class and sit close to the exit. Beyond this, the policy will be implemented as follows. On the first offense, the student will receive a warning. On any subsequent offense, the student will receive a penalty of 1% applied to their final grade for each subsequent offense. In other words, a student that would have received a 91% but was caught three times would receive an 89%. As you can see, this would mean a difference in letter grades between an A⁻ and a B⁺.

Problem Sets:

There will be approximately five problem sets, as articulated in the schedule. The assignments are intended to be a nudge to keep up with the flow of the course and to be study guides for the exams that will follow. As such, students should feel free to work in groups, with up to five students being allowed to share the same submission. That submission must be in the form of a paper copy must be turned in to me directly, not slid under my door or emailed to me (unless specific permission has been granted in advance). A warning about the consequence of group work appears in the grading section.

Office Hours and EconAid:

Given the intensity of the course, I will hold office hours once a week, immediately before class on Wednesdays. However, as some students may have conflicts with those times, I offer the following options, and students should exhaust the former before exploiting the latter. First, students should seek help from the EconAid office.¹ Second, I will be available by appointment, at times that suit both parties.

Exam Format:

Each exam will cover material presented in class, readings scheduled outside of class, and homework assignments. As this course is not a course on memorization, the exams are open book/note. The exam format will be provided in the days prior to a given exam. Students should bring a pencil and a basic calculator with them to each exam (a basic calculator is one that only performs simple functions, but does not have the

¹Refer to <http://econ.unc.edu/undergraduate/econaid-a-study-place> for more details.

ability to graph or store text). If a student is unsure of whether his/her calculator satisfies this requirement, he/she should ask. Students that arrive more than 30 minutes late will not be permitted to take the exam.

Exam Dates:

Midterm 1: Friday, February 7th during class

Midterm 2: Wednesday, April 1st during class

Final: Tuesday, May 5th from 12:00 to 3:00pm

Missed Midterm Exams:

There are no make-up midterm examinations. If a student must miss a midterm exam, he/she may be permitted to transfer the missed credit to the final exam, but in order to receive that permission, the student must contact the instructor in writing before the beginning of the exam with an acceptable explanation. If the reason is not foreseen, the student must contact the instructor as soon as possible thereafter. If documentation exists to support the request, it should also be included. The choice of whether to permit the transfer of credit is at the discretion of the instructor, but if allowed, the weight of the missed midterm will be placed on the final exam.

Missed Final Exam:

Regarding attendance for the final exam, the Chair of the Economics Department asks summer instructors not to change the date of a final exam unless the student has a compelling and documented personal reason. In that case, the make-up exam will be administered on a date later than the scheduled final. It will be set at a date and time that is convenient for both student and instructor.

Academic Integrity:

All students are expected to adhere to the Honor Code, which can be found at <http://instrument.unc.edu>. Then, with respect to this course, a few items should be explicitly stated. Firstly, students may use their notes, textbooks, and classmates to complete homework assignments. However, no assistance is permitted on exams. During the exam, however, students should feel free to ask the instructor for clarification. Finally, the use of cell phones, computers, or any other unauthorized device (e.g., an unapproved calculator) during examinations is an explicit violation of the honor code.

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 (ARS) Office. In the first instance, please visit their website (<http://accessibility.unc.edu>), telephone (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.

Grading:

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, you 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 may have an impact on your exam scores. Because exams make up 70% of your grade, it is important that you take 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 1: 20%

There will be a 50-minute in-class exam on February 7th.

Midterm 2: 20%

There will be a 50-minute in-class exam on April 1st.

Final Exam: 30%

There will be a 3-hour final exam on May 5th from 12:00pm to 3:00pm.

	B ⁺ : 87.00-89.99	C ⁺ : 77.00-79.99	D ⁺ : 67.00-69.99	
A: 93.00-100	B: 83.00-86.99	C: 73.00-76.99	D: 63.00-66.99	F: 0-59.99
A ⁻ : 90.00-92.99	B ⁻ : 80.00-82.99	C ⁻ : 70.00-72.99	D ⁻ : 60.00-62.99	

Course Schedule:

The schedule that follows is a rough outline of the timing of the course and the topics we will hopefully cover, but depending on how the course flows, some adjustments may be made. These changes may include changes to due dates and exam dates, but 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.

Date	Topic	Readings	Items Due	Exams
January 8	Introduction to the Course	PRN: Ch. 1		
January 10	Math Review	KW: Intro		
January 13	Review Competition and Monopoly	PRN: Ch. 2		
January 15	-	KW: pg. 1-7		
January 17	-			
January 20	No Class - Martin Luther King Jr. Day	PRN: Ch. 5-6		
January 22	Monopoly Pricing/Bundling		Problem Set 1	
January 24	-			
January 27	-	PRN: Ch. 8		
January 29	-			
January 31	-			
February 3	-		Problem Set 2	
February 5	Catch Up/Review			
February 7	In-Class Exam			Midterm 1
February 10	Game Theory	PRN: Ch. 9.1-9.3		
February 12	-	KW: pg. 7-9		
February 14	-		Case Preferences	
February 17	Oligopoly	PRN: Ch. 9.4-9.6	Problem Set 3	
February 19	-	KW: pg. 9-13		
February 21	-			
February 24	-	PRN: Ch. 10.1-10.2		
February 26	-	KW: pg. 13-20		
February 28	-			
March 2	-	PRN: Ch. 3		
March 4	-			
March 6	-			
March 9	No Class - Spring Break			
March 11	No Class - Spring Break			
March 13	No Class - Spring Break			
March 16	Oligopoly Extensions	PRN: Ch. 11.1	Problem Set 4	
March 18	-			
March 20	-			
March 23	-	PRN: Ch. 11.2-11.3		
March 25	-			
March 27	-			
March 30	Catch Up/Review	PRN: Ch. 12		
April 1	In-Class Exam			Midterm 2
April 3	Cartels/Collusion			
April 6	-	PRN: Ch. 14		
April 8	-			
April 10	No Class			
April 13	Presentations			
April 15	-			
April 17	-			
April 20	-		Problem Set 5	
April 22	-			
April 24	Presentations/Review			
May 5	Final Exam (12:00pm)		Final Exam	