

Syllabus

Economics 4333-001 (Online)

Spring 2008

Course: Government Regulation of Business

Course Objectives: Course objectives are threefold: (1) to study and critically assess the economic rationale for existing (or proposed) public policies toward business; (2) to examine antitrust law and its interpretation by the courts; and (3) to address various issues related to the public regulation of utilities, transportation, and telecommunications.

Professor:

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Office hours: MTWR 1:00-3:00 p.m., or by appointment

Text:

W. Kip Viscusi, John M. Vernon, and Joseph Harrington, Jr. *Economics of Regulation and Antitrust*, 4th edition. Cambridge, MA: The MIT Press, 2005. The ISBN for this text is ISBN-13: 978-0-262-22075-022062-0. ISBN-10: 0-262-22075-022062-X

Prerequisite: Students are required to have credit for a college-level course in microeconomics (ECON 2323 at ASU).

Course Requirements: The course consists of thirteen (13) learning modules spaced across fourteen weeks. The modules can be accessed at the [Blackboard](http://blackboard6.astate.edu) course management site. (url: <http://blackboard6.astate.edu>). Examinations will consist of multiple choice questions (Exam 1) and essay questions/problems. The course grade will be determined based on the student's performance on two (2) examinations, four (4) homework assignments, and a book review. The first exam will be taken online using [Blackboard](http://blackboard6.astate.edu). The first exam will be administered during the week of February 25-29. To complete this course you must take a proctored final examination (see below). The final exam is **not** comprehensive.

Equipment/Software Needs: You will need a computer with a recent version operating system, speakers, printer, and internet service. *High-speed internet service is strongly recommended*—otherwise you will be waiting endlessly to download very large files. You also need the Microsoft Office suite of applications installed on your machine. Specifically, you need *Word* and *PowerPoint*. Under the terms of the [Microsoft Campus Agreement](#), ASU students may obtain copies of *Microsoft Office* and *Windows* **at no charge**.

Student Email Accounts: You must have an ASU student email account. You will use your student email address exclusively for this course—no other email address is acceptable. *All communications about this course will be sent to your ASU email address.* Please check your ASU mail regularly. “I did not check my email” is **not** a valid excuse for an online course.

Homework: There will be four (4) homework assignments which should be submitted to the instructor in *Word* format as email attachments. Send your homework by email to crbrown@astate.edu. Or you may use the digital drop box feature in [Blackboard](#). Or fax to 870-972-3863. Students will receive an email message containing the homework assignment along with a due date. Homework assignments will also be posted at the Assignments page in [Blackboard](#).

Chat Sessions/Virtual Classroom: [Blackboard](#) has a “virtual classroom” feature that we will use to conduct chat sessions throughout the term. The instructor will notify students of upcoming chat sessions via e-mail. To participate in virtual classroom, login to [Blackboard](#), then click on the “communication” button, “collaboration”, and then “join virtual classroom.”

Discussion Board: The discussion board feature of [Blackboard](#) enables students to articulate their views on various course-related issues. You may also read the comments posted by other students and respond. To use the discussion board, login to [Blackboard](#) and click on the “Discussion Board” button.

Final Exam: You must take a proctored final examination on **Thursday, May 1** or **Friday May 2**. You may take the examination at any of the following locations: ASU-Jonesboro; ASU-Beebe; ASU-Mountain Home; Arkansas Northeastern Community College in Blytheville, MidSouth Community College in West Memphis, or East Arkansas Community

College (EACC) in Forrest City. You must notify the instructor by email of the time and location at which you wish to take the exam by **April 18**. *Locations and times are subject to the availability of proctors.*

Practice Online Exam: There is one "practice" exam administered online prior to the first exam. The purpose of the practice exam is twofold: (1) to familiarize students with online testing using [Blackboard](#); and (2) to give students a better idea of what to expect of the "real" exams.

Book Review: As part of the course requirements, students are to submit a review of ONE (1) of the following:

Page, William and Lopatka, John. *The Microsoft Case: Antitrust, Technology, and Consumer Welfare*. Chicago: University of Chicago Press, 2007 (ISBN: 9780226644639).

Kleit, Andrew, editor. *Electric Choices: Deregulation and the Future of Electric Power*. Washington, D.D.: The Independent Institute, 2007 (ISBN: 0742548767).

Schlosser, Eric. *Fast Food Nation*. New York: Penguin Books, 2001 (ISBN: 9780395977897).

These books are not in stock at the ASU Bookstore. You should select a book as quickly as possible and order it through the ASU Bookstore or through online sellers such as Amazon or Powell's Books.

The book review should be a minimum of 5 pages and is to be typed (double spaced) and checked for proper grammar and spelling. You will receive further instructions for the book review by email. The book review is due no later than **Friday, April 11**. . Send your book review as an email attachment to crbrown@astate.edu. Or you may use the digital drop box feature in [Blackboard](#) . Or fax to 870-972-3863.

Grades: The following "point" values weights are attached to the various components:

Item	Points
Exam 1	100
Homework	80 (20 each)
Book Review	80
Final Exam	140
<i>Total</i>	400

Final grades will be assigned according to the following scale:

352-400 points	A
308-351 points	B
264-307 points	C
220 -263 points	D
Below 220 points	F

Schedule of Topics and Reading Assignments

Week	<u>Module</u>	Topic(s)	Reading Assignments
Jan 14-18	#1	Intro to Antitrust, Economic, and Social Regulation;	Chapter 1, and Chapter 10, pp. 362-368, "Brief History of Economic Regulation."
Jan 21-25	#2	Tools of Industrial Organization Analysis; Antitrust Enforcement, Remedies, and Exemptions	Chapter 2, Chapter 3, and Chapter 6, pp. 155-161. Stop at "Using Concentration indices . . ."
Jan 28-Feb 1	#3	Market Structure and Allocative, Technical, and Dynamic Efficiency	Chapter 4
Feb 4-8	#4	Oligopoly; Game Theory; the Cournot Model; Seller Collusion	Chapter 5, pp. 101-134
Feb 11-15	#5	Feasibility of Cartels; Price Fixing; Judicial Interpretation of the Sherman Act, section 1	Chapter 5, pp. 134-153
Feb 18-22	#6	Types of Mergers; Incentives to Mergers; Welfare Effects of Mergers; the Celler-Kefauver Act	Chapter 7
Mar 3-7	#7	Vertical mergers; Resale Price Maintenance; Territorial Restraints; Exclusive Dealing; Tying	Chapter 8
Mar 10-14	#8	Judicial Interpretation of the Sherman Act, section 2; Predatory Pricing; Price discrimination	Chapter 9
Mar 24-	#9	Instruments of Economic Regulation; The Regulatory Process; Alternative	Chapter 10

28		Theories of Regulation	
Mar 31- Apr 4	#10	The Theory of Natural Monopoly	Chapter 11, pp. 401-411
Apr 7-11	#11	Nonlinear Pricing; Ramsey Pricing	Chapter 11, pp. 412-428 (beginning with "Ramsey Pricing")
Apr 14- 18	#12	Rate levels and Rate Structures; Valuing the Rate Base; the Averch-Johnson Effect; Peak Load Pricing; Deregulation of the Electric Power Industry	Chapter 12
Apr 21- 25	#13	The Modified Final Judgment; the Telecommunications Act of 1996	Chapter 15