



Economics 570: Government and Business
Winter Quarter 2011
TuTh 1:30pm - 3:18pm, Arps Hall 384
Department of Economics, The Ohio State University

Instructor: Kerry Tan
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Office Hours: Mondays 2:00pm - 3:00pm, or by appointment

Course Website: <http://web.econ.ohio-state.edu/~tan/teaching.html>

Lecture notes and other course materials will be posted on the course website.

Course Overview:

Industrial Organization is the field of economics that studies how firms behave, how markets are structured, and how they interact with each other. The government must seek to appease the opposing needs of firms, who are seeking to maximize profits, and consumers, who are seeking to maximize their utility. Often times the actions that are in the best interest of firms will negatively affect consumers, and vice versa. It is in these cases that the government should step in and regulate competition and/or the market. This course discusses issues that arise with imperfect competition and the government's role in regulating industries. A major theme of this course will be focused on looking at the issues' past, present, and future. This course will chronicle the history of antitrust and regulation in order to understand how we got to the situations we face today. From there, we can focus on where we are headed in the future. My goal is to ensure that you will be able to proficiently discuss and critically analyze current antitrust and regulation issues as economic majors and minors from a top university.

Prerequisites:

The prerequisite for this course is Economics 200 (Principles of Microeconomics). Students with an interest in strategic behavior of firms and the government's role in economic activity will find this course especially interesting. Students are expected to come to class regularly and be prepared for class discussions.

Required Textbook:

There is no required textbook for this class. However, I do require you to purchase a quarter-long subscription to the Wall Street Journal, which will be used for your class assignments. You can purchase a 10 week student subscription at the University Bookstore (ISBN: 1-5939-9290-4) or at wsjstudent.com for \$19.95.

Lecture:

I will motivate each lecture with a news article from the Wall Street Journal. Students will be asked for their opinions and first impressions of the current event. I will then lecture on background information and economic theory on the general topic. Each lecture will conclude with a discussion on how historical events led to occurrence of the current event.

Grading:

Grades for this course will be assigned as follows:

Midterm 1 Exam: 25% (January 25, 2011)

Midterm 2 Exam: 25% (February 17, 2011)

Final Exam: 25% (March 14, 2011)

Current Events: 15%

Participation: 10%

Exams:

The exams will cover material from the lectures, as well as any relevant material that arises through class discussion. Each exam will contain five essay questions, which will be based on recent news articles from the Wall Street Journal and will each consist of multiple parts. The purpose is to test your ability to critically analyze the issues presented in class, as well as portray an understanding of the theory inherent in the issues. None of the exams are cumulative.

Makeup exams will *not* be given without documented medical emergency or family emergency. Travel plans are *not* an emergency. It is your responsibility to plan around scheduled exam times.

Current Events:

There will be three current events assignments, in which you will write a 1-2 page (typed and double spaced) current event on two news articles from the Wall Street Journal that pertain to the previous week's lectures. You will summarize the two articles, specify how they relate to the course material, and provide some insightful commentary on the issue. You can discuss the connections between court cases and examples we covered in class to other articles that you find in the Wall Street Journal. You could also find something that interests you and talk about how the class has helped you better understand what's going on in the world. The most important thing is that you demonstrate a grasp of the concepts discussed in the course.

You must turn in all assignments at the start of class on the specified due date. You should also print out and staple a copy of the articles to your summary. Electronic submission or assignments placed in my mailbox will not be accepted. Late assignments will *not* be accepted without documented medical emergency or family emergency.

Participation:

Participation consists of two components. Participation points will be given for questions or comments made during lecture. At the beginning of each class, you will be asked to answer a "Question of the Day." Part of your participation grade is how insightful your response is to the question. You can miss two classes without any penalties to your participation grade.

Academic Misconduct:

It is the responsibility of the Committee on Academic Misconduct to investigate or establish procedures for the investigation of all reported cases of student academic misconduct. The term academic misconduct includes all forms of student academic misconduct wherever committed; illustrated by, but not limited to, cases of plagiarism and dishonest practices in connection with examinations. Instructors shall report all instances of alleged academic misconduct to the committee (Faculty Rule 3335-5-487). For additional information, see the Code of Student Conduct (http://studentaffairs.osu.edu/resource_csc.asp).

Taking Care of Yourself:

A recent American College Health Survey found stress, sleep problems, anxiety, depression, interpersonal concerns, death of a significant other, and alcohol use among the top ten health impediments to academic performance. Students experiencing personal problems or situational crises during the quarter are encouraged to contact the OSU Counseling and Consultation Services (614-292-5766) for assistance, support and advocacy. This service is free and confidential.

Students with Disabilities:

Students with disabilities that have been certified by the Office for Disability Services will be appropriately accommodated, and should inform the instructor as soon as possible of their needs. The Office for Disability Services is located in 150 Pomerene Hall, 1760 Neil Avenue; telephone 292-3307, TDD 292-0901; <http://www.ods.ohio-state.edu/>.

Tentative Schedule:

Date	Topic	Assignment Due
Jan 4	Introduction	
Jan 6	Price Fixing / Collusion	
Jan 11	Predatory Pricing	
Jan 13	Tying / Bundling	Current Event #1
Jan 18	Price Discrimination	
Jan 20	Review for Midterm 1 Exam	
Jan 25	MIDTERM 1 EXAM	
Jan 27	Patents / Research & Development	
Feb 1	Horizontal Mergers	
Feb 3	Vertical Mergers	
Feb 8	Exclusive Territories	Current Event #2
Feb 10	Exclusive Dealing	
Feb 15	Review for Midterm 2 Exam	
Feb 17	MIDTERM 2 EXAM	
Feb 22	Regulation Theory	
Feb 24	Regulation: Telecommunications and Cable Television	
Mar 1	Regulation: Airlines	
Mar 3	Frontline: Credit Cards	Current Event #3
Mar 8	Frontline: Banking	
Mar 10	Review for Final Exam	
Mar 14	FINAL EXAM (1:30pm-3:18pm in Arps Hall 384)	