



## Econ 5342: Antitrust Economics and Competition Policy

Spring 2019 Syllabus

Draft

Department of Economics

HKUST Business School

**Schedule:** Regular lectures: Wednesday, 9:00am-12:20pm  
Jan 30 – March 27, 2018 (except Feb 6 and Mar 20)  
Guest lectures: Feb 12 (Tuesday), at 7:30-8:30 p.m.  
Mar 9 (Saturday), at 9:00am-12:20pm  
Exam: March 27, at 9:00-11:00am

**Venue:** Rm 4503, Lift 25-26

**Course Web Site:** <https://canvas.ust.hk/>

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<b>Office Hours:</b> By Appointment Email is always a great way to reach me.	<b>Office Hours:</b> By Appointment Email is always a great way to reach me.

### Course description

This course provides basic analytical tools for antitrust economics and introduces students to applications of economic theory to understand competition policies. Topics include (i) cartels and other collusive behavior among competitors and leniency programs, (ii) monopoly and dominant firm conduct, (iii) vertical restraints of trade between suppliers and customers such as resale price maintenance, tying arrangements, and exclusive dealing contracts, and (iv) horizontal and vertical mergers.

### Learning outcomes

On completion of this course, you will be able to

1. use economic theory to explain rationales behind antitrust regulations,
2. predict consequences of anticompetitive practices,
3. argue from the perspective of the antitrust regulator why certain business practices should be disallowed, and
4. argue from the perspective of the firm(s) why certain business practices should be allowed.

### Required Textbook

There is no required textbook.

### Guest Lectures

Guest lectures are tentatively scheduled on **Tuesday, Feb 12 at 7:30-8:30pm and Saturday, March 9 at 9am-12:20pm**. You are required to attend the guest lectures.

And the exam may cover some contents from the guest lectures.

If you miss more than two class meetings (including the guest lectures), your grade may be deducted (e.g. from A- to B+, from B+ to B, etc).

### Grades

The grades will be based on two assignments (30%) and one final exam (70%).

The *final exam* will be held on **Wednesday, March 27, 2019** at 9-11am. You will need a very strong reason, substantiated by sufficient supporting documents, to miss the exam. Considering the advantage of having more time to prepare, the make-up exam is expected to be more difficult than the original exam.

### Course Outline

- Jan 30: Cartel and Leniency Program, Part I (YF)  
Feb 12 (Tue, 7:30-8:30pm): Guest Lecture 1 (tentative)  
Feb 13: Cartel and Leniency Program, Part II (YF) and  
--Mini-Case: *Virgin Atlantic and British Airways*  
--Discussion: *Hong Kong Auto-Fuel Market*  
Feb 20: Bundling + Loyalty Discount (XY)  
--Mini-Case: *US DOJ v. Microsoft*  
--News: *China SAIC v. Tetra Pak*  
Feb 27: Exclusive Contract (YF)  
--Mini-Case: *Mars and Unilever*  
Mar 6: Horizontal Merger (XY)  
--Case: *Coca-Cola and Huiyuan Juice*  
Mar 9 (Sat whole morning): Guest Lectures 2 (tentative)  
Mar 13: Predatory Pricing (XY) + Vertical Integration (XY)  
--Mini-Case: *Spirit Airline v. Northwest*  
Mar 20: No Class (Moved to Mar 9)  
Mar 27: Final Exam

Note: Xinyu's lectures are denoted by XY and those by Yuk-fai are denoted by YF