

ECO2327 Development of American Business Enterprise

Potential Topics for Class Presentation, Fall 2012

These topics are found by the Instructor to be relevant to the understanding of the Development of American Business Enterprise as it relates to antitrust policy in the USA historically and as well cover some more contemporary issues.

Each class presentation group is to provide every student in the class with a one- or two-page outline of their presentation on the day of their presentation. (The instructor should be given two copies of this outline.) The outline will include the names of the individuals in the group, the title and general outline of the presentation, the main research topic(s) addressed, and will include at least three scholarly references (meaning peer-reviewed journal articles, books from an academic press, or policy research from a not-for-profit research institution) from which the group drew their findings.¹

Each group should practice their presentation to make sure that 1) they don't go over the allotted time (15 minutes), 2) the group has reached a consensus on the research question(s), and, 3) the group does not repeat or contradict itself during the presentation.

Student groups are of course encouraged to choose their own topics of interest differing from the Instructor's but must in advance justify and gain approval of their choice of topic with the Instructor either at Instructor office hours, by appointment or through email. This is in order to ensure that group presentations are relevant materially for the class and that no two groups choose the same topic. Topics you might find interesting are:

- 1) Google Books and/or Google Art projects. Google is attempting to record on-line all books and art created as part of human civilization. What are the obstacles Google is facing in terms of intellectual property and monopoly law? Do you believe that 1) the law as-is is being applied appropriately in preventing their efforts, 2) that the antitrust/monopoly law might be out-dated regarding on-line media? Why or why not and what is your reasoning? Give a timeline as to these Google projects and government and/or special-interest attempts to prevent these projects

¹ Internet-only publications are admissible if from a scholarly source, however Wikipedia does not count as a scholarly reference because it is anonymously published.

- from coming to fruition (you may choose either the Books or Art projects, or both). Who would be the “winners” and who the “losers” if these projects were to continue? How are these interest-groups (“winners” and “losers”) involved in the public policy process in lobbying government and/or public opinion and/or the media?
- 2) USA Railroad Regulation. Hughes and Cains (2007, p. 374) write that “First, since the Civil War, Congress had been attempting to find a way to regulate the railroads and had even imposed financial organization on the Union and Central Pacific railroads.” The Interstate Commerce Commission (ICC), the first federal regulatory agency, was formed in 1887 in part to regulate the railroads. How are railroads, seen by many economic historians as the “engine” of economic growth during industrialization, regulated today, and how and why has this regulation developed historically? R.H. Porter (1983) “A Study of Cartel Stability: The Joint Executive Committee, 1880-1886”, *Bell Journal of Economics*, 15(2), 301-314, is one classic study of perceived railroad cartelization. Did the ICC serve the “consumer” or in fact was it a special interest-group mandate benefiting already existing railroad owners? How does this self-serving interpretation of the ICC relate to how railroads are regulated today?
 - 3) The National Labor Relations Act of 1935 (also known as the Wagner Act) removed the regulation of labor unions from the civil courts (judicial branch of government) to administrative law (the presidential branch of government, with the National Labor Relations Board) as part of Franklin Delano Roosevelt’s New Deal. Did this legislation give unions “monopoly-rents” in the rent-seeking model, why or why not? What happened to the rate of unionization in the 1930s in the USA after this Act was passed and why? What do you think has been the repercussions of this Act on American international industrial competitiveness through today? What has been the trend in private sector unionization in the USA since after the 1930s and 1940s and why? You can choose one specific industry (for example the auto or airplane or construction industry) to track the historical competitiveness and unionization issue if appropriate, though you should address the “monopoly-rents” issue looking at labor-unions themselves as an ‘industry’ or ‘special interest’.

- Alternatively, you can evaluate the Obama Administration's NLRB in comparison with the Reagan Administration's NLRB and compare and contrast the effect of each of these on American international competitiveness, choosing one or more industries as a specific in-depth case study.
- 4) Present a case-study about the relationship between the unions, Boeing and the National Labor Relations Board over the last decade (and especially the Obama Administration's intervention into Boeing's decision-making on where to locate domestic manufacturing facilities) as related to Boeing's strategic competitiveness. Do you think that this case is an example of "regime uncertainty", why or why not? Relate this case to the export and other assistance Boeing receives through the Export-Import Bank and other government sources. Do you think Boeing is an example of "corporatism", why or why not? You should too tie the Boeing case-study to any WTO on-going or resolved cases about Boeing and Airbus.
 - 5) In 1974 the DOJ (Department of Justice) brought an antitrust case against AT&T, America's leading phone and basic research company, for anticompetitive practices in the long-distance phone market, and whose Bell Labs was a (monopolized?) leader in telecoms research worldwide. This led to the break-up of AT&T in 1984, ten years later. What did this do to American competitiveness in the telecoms industry in the short- and long-terms? How would you relate the government's antitrust policy for AT&T in a dynamic-versus-static framework of economic analysis given today's technologies for telecoms, e.g., the move from land-lines to microwave to satellite technology and smart phones and touch-pads? Given the AT&T case, do you think it is possible for government regulation based on neoclassical models of imperfect competition to take transformational market dynamics into account, why or why not?

- 6) The Organization of Petroleum Exporting Countries (OPEC) is seen as the classic international cartel and is often blamed for the rise of inflation and economic stagnation in the USA in the 1970s. Why did OPEC come about? Is OPEC actually successful in controlling gas prices worldwide? What are some of the competing empirical studies on OPEC and what does economic/competitive theory say about the long-term possibilities for a cartel's ability to control prices? In your opinion do the empirical findings on OPEC confirm or refute the economic theory on cartels?
- 7) In 1998 the US Government (DOJ) brought a case against Microsoft under the Sherman Act for anticompetitive behavior in bundling its browser with its operating system, which was resolved with a Consent Decree in 2001. Many economists argued against the US Government's case, why was this? What was the result of the Consent Decree? What is your opinion as to the case's outcome and the rise of Google as the top browser today? What are the differences and similarities between the US Government's and the European Union's antitrust cases against Microsoft? What do you think accounts for the difference in US and EU policy approaches to Microsoft, if any?
- 8) "Open access" and "net neutrality" are the current hot topics regarding the internet today. What are the issues involved with "net neutrality", who are the interested parties, why? Do you think the internet is a natural monopoly, e.g., with a geographic or spatial limit in supply? Who would be the "winners" and "losers" if the internet is to be regulated? Do you think it is indeed possible to regulate the internet, why or why not? How does the law of supply and demand as related to the theory of consumer sovereignty apply to the "open access" debate? In your research and presentation address the recent CISPA, SOPA, and PIPA legislation and the end-results of this legislation and why. Give a time-line of this legislation and other attempts at regulation of the internet in order to give a comprehensive historical context concerning the debate over internet regulation.

- 9) It is generally accepted that airline deregulation in 1978 led to a drastic decrease in fares and a vast increase in commercial airline passengers being able to afford airline trips. Why were airlines regulated in the first place by the Civil Aeronautics Board and what led to the demise of the CAB? Why did it take so long to deregulate (allow price and route competition) in the airline industry (hint: labor unions may have played a role in furthering existing regulation)? Many airlines became bankrupt due to the 1978 deregulation, why is this? Yet today there is still not a free-market in the airline industry, why is this and do airports themselves represent an “essential facility” which might prevent free enterprise in the airline industry? If so, is there a competitive alternative to providing this essential facility? What in your opinion should be done about the bankrupt US airline industry? Give a timeline of historical context in order to help frame the discussion.
- 10) In 1996 the New York State Public Service Commission allowed “market competition” in the provision of gas and electrical services to the consumer in the market. Has this deregulation actually taken place and has it reduced costs to consumer and the market power of providers? Why or why not? Why was this “deregulation” policy put into place, what were the economic and political factors behind the reform? Who are the “winners” and “losers” as the result of this deregulation? Can competition really exist in a natural monopoly environment, and, is electricity and gas provision a “natural monopoly”, why or why not? What recommendations do you have for the way gas and electrical services are provided to, and regulation for, the citizens of New York?
- 11) Christie’s and Sotheby’s in the early 2000’s were found to be colluding on their fees for bringing art to auction, with jail-time for some of these institutions’ leadership. What is the status of the art auction market today? Is it less or more monopolistic? Give a timeline leading to the original case against these two and then through today, giving your opinion as to why or why not antitrust actions helped the industry. Is the industry today monopolistic, why or why not? What are your evaluation criteria? What action should be taken if any today to benefit the consumer?