Mainly meant to help my memory as I lecture, but if it’s helpful to students that’s great too. Just be aware that it’s not meant to be read in isolation.

1. **Reprise of firm-specific elasticity and the Lerner equation.** Confirm formula for dominant firm with fringe; VVH page 164. Illustrate with GP-FJ merger CIS, to be found at: http://www.usdoj.gov/atr/cases/f7300/7364.htm. What critical elasticity do we know is important even without knowing cost details?

2. **High-price equilibrium in repeated oligopoly game.** Unlike VVH, trace through the Bertrand case, which is simpler. Within the model, lessons: role of \( n \) (or \( m \)); role of \( r \) (cartels break down in recessions). Remarks on capacity limits (simple case: no firm essential to serve the market at \( p=c \)). Is the limit on \( n \) realistic? Renegotiation? Leniency policy.

3. **Imperfect collusion.** Is it hard to reach an equilibrium? Is it much harder if you can’t talk?

4. **Remarks on some cases (some cited in VVH).**
   a. **Railroads.** Dr Strangelove.
   b. **Nasdaq.** Best-price rule (“preferencing”). If you’re interested in this one, you should be able to access a short article in the *Journal of Economic Perspectives* 1995 (in library or check www.jstor.org from Berkeley domain).
   c. **AA-Braniff.**
      - Mr. Putman: Do you have any suggestions for me?
      - Mr. Crandall: Yes, I have a suggestion for you. Raise your [blank] fares 20 percent. I’ll raise mine the next morning.
      - Mr. Putman: Robert, we...
      - Mr. Crandall: You’ll make more money and I will, too.
      - Mr. Putman: We can’t talk about pricing!
      - Mr. Crandall: Oh [blank], Howard. We can talk about any [blank] thing we want to talk about.
      The taped conversation found its way to the U.S. Justice Department. Ironically, Mr. Crandall’s suggestion did not violate Section 1 of the Sherman Act because Mr. Putman rejected the proposal. American agreed to "cease and desist" from any discussions of prices with competitors.
   d. **Tetracycline.** Were they in fact setting a monopoly price? ("demand was inelastic..."). If so, what about the patent? More relevance than just barrier to entry: monopoly outcome is viewed as acceptable. Licensing arrangements versus price agreements: policy and patent-holder interests.
   e. **Christie’s/Sotheby’s.** Should one worry that only the seller side was subject to agreement?
5. **Conscious parallelism.** Should it be treated the same as collusion? Argument that it’s *not* enough to say they have the same outcome (even if they do). Facilitating practices can sometimes be attacked: Airlines’ pricing pre-announcements. Auto makers’ 1950s-60s deal on pollution control technology (?). Price-matching offers. GE-style price protection plan: your advice for GE?

6. **For Thursday:** Read the *Addyston Pipe* decision at the back of VVH chap.5. Be prepared to discuss the following in class:

   a. If you were debating against the defendants and they made the arguments sketched in Judge Taft’s words on p.140, do you have a “gotcha”?
   
   b. What light is cast on the statement in VVH page 127 that “cost savings are quite unlikely without actual integration”?
   
   c. What do you think about the affidavits from buyers that prices were reasonable?

7. **For next week:** Read VVH chapter 7 (skip 6 for now), to p.213. Also read the DOJ/FTC *Horizontal Merger Guidelines*, at http://www.ftc.gov/bc/docs/horizmer.htm. **Prepare to discuss:** How would you have analyzed the Staples-Office Depot merger? If you were an FTC Commissioner, would you have voted to block the merger?