

ECO410H1F, Final Paper, Fall 2017, Prof. Murdock

1 Assignment overview

This assignment asks you to conduct an *economic analysis*. It requires learning about an industry, finding reliable sources, synthesizing multiple economic concepts, critically evaluating the analyses of others, developing clear recommendations, and meeting writing expectations in economics. ***To be successful, pay close attention to this document and the course syllabus.***

2 Merger to assess

On October 2, 2017 METRO announced its proposed acquisition of Jean Coutu: **“METRO to acquire The Jean Coutu Group (PJC) Inc. for \$4.5 billion.”**

3 Your task (the questions)

As an economist, assess this merger by addressing these questions. PRIMARY question: ***Would this merger substantially lessen competition?*** SECONDARY question: ***How could a merger retrospective study of the 2014 Loblaws/Shoppers merger assist in assessing whether the proposed merger would substantially lessen competition?***

4 Clarifications from the lead economist

After hearing your task, suppose you request clarification about expectations. Next are the replies.

- Take a position with respect to the primary question (above). You are expected to make a recommendation about whether the merger should be blocked or allowed by antitrust/competition authorities.
- Support your position with reasoned economic arguments and reliable evidence that would convince a person knowledgeable about economics.
- Provide an *economic analysis* that answers the primary question (above). Highlight the key economic arguments and evidence. Do *not* include legal arguments and make sure to assess the merger from an *economic policy perspective* (not an investor or business perspective).
- For the secondary question, include a section towards the end of your paper that assesses the possible merger retrospective study, explaining *how* such a study could be designed and used. Presume the necessary data are available. Notice that you are *not* asked to do data collection and an econometric analysis. However, you should be specific in assessing the proposed study, citing appropriate sources and evidence. In answering the secondary question, do not use more than 20 percent of your overall word limit.
- Use primary source evidence. Secondary sources are also helpful, especially when provided by an economic expert. Make sure you integrate these into your own arguments and position.

- Your report should end with a reference list (aka bibliography). For advice and examples for integrating references into your writing, see <http://advice.writing.utoronto.ca/using-sources/documentation/> (especially the note on Electronic Sources). Author-date documentation systems like the APA are the most common in economics. However, it is useful to give the page number(s) when taking a specific piece of evidence from a long source.
- Presume your audience has undergraduate economics training but no industry or antitrust expertise. Strive to write a report that a prospective student for our course could follow.
- **Maximum length: 3,000 words.** Your first draft will likely be longer. Revise it, both for substance and writing style. Submit only your final version and make sure it is no more than 3,000 words.
- Generally speaking, the best economic analyses of mergers:
 - use sound economic arguments throughout
 - support arguments with reliable and informative primary and secondary sources
 - specify the objectives and recommendations in the opening paragraphs
 - find and integrate relevant facts about the products, industry and competitive landscape, including non-merging parties
 - delineate and demonstrate the relevant antitrust market(s), including market shares
 - establish valid economic theories of harm (** This very important **)
 - evaluate potential efficiencies and entry
 - reinforce the main position in the conclusion
 - meet writing expectations in economics, which include being clear, coherent, and concise

5 Basic preparations

Reread the course syllabus, paying special attention to Sections 2.4 - 2.6 and Section 4. Review your notes from Workshop 3 (research session with library on Oct. 3) and Workshop 4 (economic writing on Nov. 2). Reread “Using Sources” (required reading for Workshop 4). ***Start researching and writing right away so that you have time to revise and refine your thinking and writing.***

6 Marking rubric for final paper

The marking rubric is attached to this document. ***As you work, review the rubric and reread this document to make sure your final paper meets expectations.***

7 Annotated sources: two deliverables *before* the final paper is due

Recall, from Section 2.4 of the syllabus, that the first set of annotated sources is *due three weeks before* the final paper is due. Specifically, a list of *eight* annotated sources - full citations with 2 to 4 sentences for each source describing the relevant information provided for your analysis - is due on Thursday, November 16 at 11:10am. The second set of annotated sources, a list of *sixteen* that builds

on your first submission, is due on Tuesday, December 5 at 11:10am, which is two days *before* the final paper is due. The annotated sources are absolutely required and form part of your final paper mark. You are not limited to them (i.e. you can find and include more sources in your final paper). While you will not get comments on your sources prior to the final paper deadline, in the Dec. 5 workshop we will discuss sources as a class. Please bring two copies of your annotated sources: one to hand in to me and one to reference during the workshop.

8 Formatting of final paper

- Include a cover page with your last name, first name, and student number: do *not* put this information anywhere else. (For example, do *not* put a header/footer with your name.) Print your cover page single-sided (i.e. back side should be blank).
- Put the title of your paper on page 1, not the cover page.
- Choose formatting that is courteous to the reader: use reasonable font sizes (e.g. 11 point) and margins (e.g. 1 inch).
- On the last line include a word count: include everything in the word count except the cover page and reference list. The title, any footnotes, and section headers all count.

9 Submitting your final paper: three steps

Submitting your final paper is a three-step process.

First Step (eight annotated sources): A paper copy of your eight annotated sources is due by **11:10am on Thursday, November 16.**

Second Step (sixteen annotated sources): A paper copy of your sixteen annotated sources is due by **11:10am on Tuesday, December 5.**

Third Step (final paper): Your final paper is due by **4:00pm on Thursday, December 7.** It must be submitted ***two ways*** on or before the deadline:

- 1) Submit an electronic copy of your final paper to Turnitin.com *through our portal site*: click “Final Paper and Rubric” in the main menu. Ensure that your paper displays properly and is well-formatted.
- 2) Submit a paper copy of your final paper to the Economics Reception Desk, 150 St. George Street, main floor.

Note: Both submissions of your final paper are due by Thursday, December 7, 4:00pm. Take extra care to submit the entirety of your final draft and to ensure that your electronic and paper submissions are identical. Do not wait until the last minute for your electronic submission: technical difficulties are not an acceptable excuse for lateness.

ECO410H1F, Final Paper Marking Rubric: Evaluation criteria for each of seven components given as bulleted lists.

1. Critical thinking and economic analysis	0 10 18	22 26	28 32	36 40
<ul style="list-style-type: none"> Correctly <i>applies</i> economic concepts/models from the course to this specific topic; offers strong insights and compelling analysis Economic analysis showing critical thinking; does not merely report others' opinions and is not overly reliant a single source Major counterarguments identified and addressed; clear wrestling with complexity 	Major flaws in analysis <u>or</u> little <i>application</i> <u>or</u> reliance on opinions or a single source	Clear attempt at original analysis with some merit but notable problems	Offers an analysis that applies economic models/concepts reasonably well but insufficiently supports/defends and/or some small errors	Exemplary analysis
2. Evidence and sources; integrated into analysis	0 10 18	22 26	28 32	36 40
<ul style="list-style-type: none"> Finds relevant, high-quality evidence and sources in <i>both</i> final paper and annotated sources; does not distract reader with anything unreliable, tangential, or irrelevant Uses a variety of relevant sources, course readings and high-quality industry & firm facts Evidence and sources support the analysis and are well integrated and digested for the reader 	Missing major evidence and sources and/or fails to submit complete annotated sources before final paper	Some good sources and evidence but some notable deficiencies and trouble integrating it	Uses the most important sources and evidence; somewhat integrated	Exemplary research and integration of it
3. Completeness and balance	0 2 4	6	8	10
<ul style="list-style-type: none"> Fully addresses all important parts to assess the merger's competitive impact Good balance: important points get most space (lesser ones do not crowd out important ones) 	Incomplete/unbalanced: major omissions	Fairly complete/balanced but an omission <u>or</u> a major issue inadequately addressed	Nearly complete (minor gaps or incompleteness); some imbalances	Fully complete & well balanced
4. Conciseness	-4	-2	0	1
<ul style="list-style-type: none"> Uses a concise writing style to enable a deep and full analysis within the word limit Avoids wordiness and unnecessary repetition Uses concise paraphrasing over direct quotes (unless a direct quote is really necessary) 	Revision could shorten by 30% or more without loss of substance or clarity	Revision needed in multiple places to fix wordiness, repetition, or quote over-use	Minor revisions could improve concision	Meets all criteria at a high level
5. Clarity	-4 -2	-1	0	1
<ul style="list-style-type: none"> Easy for reader to understand exact meaning of each sentence; written for understanding 	Reader cannot follow some sentences	Reader can follow all sentences but w/ effort in spots	Minor revisions could improve clarity	Meets all criteria at a high level
6. Coherence	-4	-2	0	2
<ul style="list-style-type: none"> Well-structured paragraphs and transitions between paragraphs; helpful section headings Strong introduction: lays out merger and industry and previews analysis and conclusion Strong conclusion: reinforces your assessment and ensures reader grasps your key insights Effective use of linking words (e.g. in addition, for example, yet, however, hence, etc.) Ideas reinforce each other: no contradictions 	Major revision needed to meet these criteria	Revision needed: some significant progress towards all criteria but considerable room to improve coherence	Minor revisions could improve coherence	Meets all criteria at a high level
7. Citations and references	-4 -2	-1	0	
<ul style="list-style-type: none"> Complete and clear citations/references 	Major errors	Minor errors	No errors	

Percent mark = 100*(total over seven components)/90 minus any lateness penalty. However, percent mark cannot exceed 100.