Economics of the Communication Industries

COMM 570, Fall 2010
Thursday 2:00-4:50pm, in KER202

Instructor: François Bar (fbar@usc.edu, KER209, 213.743.1789)
Office Hours: by appointment

This course explores the economics of the communication industries. The first part is a survey of the economic organization and characteristics of traditional communication sectors (newspaper publishing, film, broadcast-TV and cable-TV, telephony). The second part deals in greater detail with specific, cross-sector economic issues related to networks, media technologies, and digital convergence.

Assignments and grading

1) Students must sign up to make a short presentation and lead a discussion in one the 7 classes focused on an industry (weeks 3-9). They will identify a few additional readings for the class, to support their presentations. Possible presentation topics include:

- case study of one of the firms belonging to the sector under study
- analysis of a salient economic issue in the sector
- a look at similarities and differences between the US and another country/region in this industry
- this is not an exhaustive list...

2) A research paper, to be presented in class during one of the last 5 weeks of the semester, due at the end of the semester.

Timeline:

- by week 4: submit a 1-paragraph description of the topic
- by week 9: submit a 2-page synopsis
- paper presentations to be scheduled during weeks 10-14
- final paper due during finals week

Grading

Presentation: 20%
Participation: 20%
Research Paper: 60%

Required readings

- Books:
  ISBN: [087584863X](#).

- On-line readings: pointers included in the syllabus
- Keep up with the Communication Industries business news. A minimal way to do that is to read the Monday business section of *The New York Times*. These articles are available on the CyberTimes site at [http://www.nytimes.com/yr/mo/day/cyber/](http://www.nytimes.com/yr/mo/day/cyber/).

### Academic Integrity:

The University is committed to maintaining the highest standards of ethical conduct in all academic pursuits. Any student found responsible for plagiarism, fabrication, cheating on examinations, or purchasing papers, or other assignments, will receive a failing grade in the course and may be dismissed as a major in communication. See section 11 of Scampus and the relevant sections of the Student Judicial Affairs and Community Standards at: [http://www.usc.edu/student-affairs/SJACS/students.html](http://www.usc.edu/student-affairs/SJACS/students.html).

### Students with Disabilities and Academic Accommodations:

Students requesting academic accommodations based on a disability are required to register with Disability Services and Programs (DSP) each semester. A letter of verification for approved accommodations can be obtained from DSP when adequate documentation in filed. Please be sure the letter is delivered to Professor Bar as early in the semester as possible. DSP is open Monday-Friday, 8:30-5:00. The office is in Student Union 301 and their phone number is (213) 740-0776. For additional information, see the Web page of the Disabilities Services Program at: [http://www.usc.edu/student-affairs/asn/DSP](http://www.usc.edu/student-affairs/asn/DSP).

### Schedule

#### Week 1
   **Course overview**

#### Week 2
   **Introduction**

- *Information Rules*, Chap 1 "The Information Economy"
- skim WOTM Chap 8: "Who Owns the Media Companies?" by Ben Compaine
- Browse through several articles from the following three surveys at Economist.com:
  - "Among the Audience -- Survey: New Media" (Aug 2006)
  - "Your television is ringing -- Survey: Convergence" (Oct 2006)
  - "A world of Connections -- Survey: Telecoms" (Apr 2007)

#### Week 3
   **Newspapers**

- *WOTM*: Chapter 1: The Newspaper Industry, by Ben Compaine
• For data on the newspaper industry, see *Newspapers Trends and Numbers* (Newspapers Association of America)
• *Endangered Species* - stories on the demise of the independent U.S. newspaper. By two-time Pulitzer Prize winner James V. Risser for AJR NewsLink.
• *Who killed the newspaper?*, The Economist, Aug 24th 2006
• *More media, less news*, The Economist, Aug 24th 2006

Optional reading:


**Week 4**  
**Movies**

• *WOTM*: , Chapter 6: "The Hollywood Film Industry: Theatrical Exhibition, Pay-TV and Home Video", by Douglas Gomery

Optional reading:


**Week 5**  
**Television**

• *WOTM*, Chap 4: The Television Industries: Broadcast, Cable and Satellite, by Douglas Gomery

Optional Reading

• Litman, R. "The Economics of Television Networks: New Dimensions and New Alliances", in Alexander et al. (1998). Media economics, chapter 7 (pp. 131-150)
• Carroll, S. & Howard, H., "The Economics of the cable industry" in Alexander et al. (1998). Media economics, chapter 8 (pp. 151-174)

Week 6       Music and Radio

•   WOTM, Chap 5: "The Radio Broadcasting and the Music Industry", by Douglas Gomery

Optional Reading

• FCC Media Bureau, Audio Division: http://www.fcc.gov/mb/audio/

Week 7 & 8       Telecommunications

• Economides, "US Telecommunications Today", April 1999 [PDF]
• Robert Crandall, "A Somewhat Better Connection", Regulation, Summer 2002, pp. 22-28 [PDF]
• Michael Powell, Statement on Competition Issues in the Telecommunications Industry, Before the Committee on Commerce, Science and Transportation, United States Senate. (1/14/03) [PDF]

Optional Reading:

Week 9  Internet

- WOTM, Chap 7: "The Internet and Online", by Ben Compaine
- "What Is The Internet (And What Makes It Work)", Robert E. Kahn and Vinton G. Cerf (December, 1999)
- Odlyzko, Andrew, Content is Not King First Monday, volume 6, number 2 (February 2001)

Optional Reading:

- "The Economics of Online Media", in Alexander et al. (1998). Media economics, chapter 13 (pp. 247-274) [*]

Week 10  Information Pricing

- Information Rules, chapter 2: "Pricing information" and chapter 3: "Versioning information"
- Jeff Howe, "Licensed to Bill", Wired, Oct 2001

Week 11  Network Economics and Network Externalities

- Information Rules, chapter 7: "Networks and positive feedback"

Week 12  Standards and Interconnection

- Information Rules, chapter 8: "Cooperation and compatibility"

Optional Reading:


Week 13  Innovation and Path-Dependence
• Information Rules, chapter 5: "Recognizing lock-in", and chapter 6: "Managing lock-in"

Optional reading:


Week 14 No class (thanksgiving)
Week 15 Wrap-up and Conclusion