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**DIRECT TO CONSUMER ADVERTISING AND
PRESCRIPTION CHOICE**

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This paper examines the effect of direct-to-consumer advertising (DTCA) of prescription drugs on doctors' choice of drug brands. Using antihistamines as an example, we show that DTCA has little effect on the choice of brand despite the massive DTCA expenditure incurred in this class. In contrast, promotional activities directed toward physicians have larger and longer lasting effects. These results, together with the market-expanding results shown in Iizuka and Jin (2005), suggest that DTCA is effective in increasing the aggregate demand per therapeutic class but does not affect doctor choice of prescription within a class. Therefore, DTCA may be viewed as a public good for all drugs in the same class.

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**VERTICAL INTEGRATION AND SHARED FACILITIES
IN UNREGULATED INDUSTRIES**

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In this paper we analyze the equilibrium market structure, following liberalization, of an industry involving an essential facility. Two alternative modes of market entry are considered, in conjunction with vertical integration, namely: (i) full entry, which means building a new and more efficient facility at a positive fixed cost; and (ii) partial entry, which means purchasing existing capacity from the incumbent, at a fixed price per unit that is freely negotiated between the incumbent and the entrant. We show that vertical integration is a dominant strategy for