

EC 360: Issues in Industrial Organization

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Office Hours: Tu,Th 3-4pm

Office: 418 PLC

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Class Hours: Tu,Th 4:00-5:20pm

Class Room: 240C MCK

Course Description

This course is designed to provide you with an introduction to industrial organization and its role in antitrust law. The relationship between industry structure and overall performance is examined, as well as the idea of what is desirable in market outcomes and how to improve flawed market outcomes. The first half of the class focuses on basic monopoly and antitrust, while the second half discusses more complex market structures. Throughout the course, we will tie theory to real, relevant court cases in the United States. The class will be approximately equal parts math, graphing, discussing laws, and discussing court cases.

Course Organization

This course is lecture and reading driven. Additional readings of academic articles or other material may be posted on Canvas. In class, we will explore major concepts, discuss real-world examples, and work through simple problems. We will also have several in-class activities to allow students to test their knowledge in a low-stakes way. The textbook and other readings will dive into these topics in more detail. Lectures and readings are complements, not substitutes so it is in your best interest to do both.

Prerequisites

This course builds on the microeconomics tools and intuition from EC 201 (Principles of Microeconomics). It is also much more math intensive than the Principles level courses you may have taken. You will need to solve models using both algebraic and graphical methods. Many students struggle with algebra as they transition to upper level Economics courses. If you are having difficulties, feel free to come to me for assistance.

Grades

The class is graded on a curve. Final grades will be based on 4 problem sets, a midterm, and final. The final will be given only at its stated time. Your final course grade will be out of 500 points and determined as follows:

- **100 points** Problems Sets
- **150 points** Midterm
- **250 points** Final

Materials

Blair and Kaserman, *Antitrust Economics*, 2nd edition

Course Policies

Assignments

Problem Sets will be turned in at the **beginning** of lecture on the day they are due.

Extra Credit

You will have at least two opportunities for extra credit throughout the course. I administer surveys to understand your economics background and to get feedback for my teaching methods halfway through the course. Surveys are anonymous and due by 5pm. Additionally, I may award extra credit for in-class activities.

Grade Appeals

Appeals must be made within 2 days from when I hand back the exam. Any appeal will require a written explanation of why you believe it was incorrectly graded. I reserve the right to regrade the question.

Policies on Late Assignments and Make-Up Exams

You are allowed one late problem set in this class. The late problem set **must** be cleared with me prior to the due date and **must** be turned in at the start of the next class period. Make-up exams will not be given for any reason. In the case of a missed midterm due to unanticipated emergency situations, the student will be allowed to put the weight of the missed midterm on the final, provided notification is received as soon as possible and there is verification of the emergency. **DO NOT** take this class if you already know you cannot make one of the scheduled exams. The midterm will occur at the end of week 5 and will cover all material prior to the midterm. The final will be cumulative.

Academic Integrity and Honesty

Any form of cheating, including plagiarism, will be dealt with severely. At best, any student caught cheating will receive no credit for the assignment (or exam). At worst, the student will be referred to the Office of Student Conduct for further disciplinary action. Possible outcomes include failing the course and being expelled from the university. Takeaway: the expected benefit from cheating is far outweighed by the expected loss from cheating. So be a rational economic agent and don't cheat.

Policy on Children in the Classroom

The University of Oregon does not have a formal policy on children in the class; we've adopted our own:¹

- All babies (bottle-feeding, nursing, ...) are welcome in class as often as is necessary;
- For older children, we understand that unforeseen disruptions in childcare often place parents in the position of having to miss class to stay home. You are welcome to bring your child to class in order to cover gaps in class. This is not meant to be a long-term solution.
- We ask that all students work with us to create a welcoming environment that is respectful of all forms of diversity, including diversity in parenting status;
- In all cases when your children come to class, please sit in the front, close to the door. This will allow you to step outside in case your child needs special attention.
- We maintain the same standards and expectations for all students. However, please contact us if you are having difficulty with school-parenting balance.

Modifications

If you require modifications of any kind due to a documented disability, you will need to provide a letter from the Accessible Education Center (Oregon Hall, Suite 360) detailing the appropriate modifications.

Special Thanks

This course incorporates some material originally developed by Curtis Dlouhy, Keaton Miller, and Wes Wilson. Material used with permission.

Copyright Notice

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¹Thanks to Florian Ederer and others for this suggestion.

Schedule

The schedule is tentative and subject to change. The course will closely follow the textbook. Reading should be completed *before* attending lecture to maximize your own understanding. In addition to the textbook, any additional readings will be available on Canvas. Page numbers below refer to the Blair and Kaserman textbook.

Important Dates

- January 7 - first day of class
- January 8 - extra credit survey 1 due
- January 16 - problem set 1 due
- January 28 - problem set 2 due
- February 6 - midterm
- February 9 - extra credit survey 2 due
- February 20 - problem set 3 due
- March 5 - problem set 4 due
- March 18 - final exam (12:30pm)

Week

1. introduction, perfect competition, monopoly, dominant firm (pg. 1-46)
2. antitrust (pg. 46-145)
3. antitrust (pg. 46-145)
4. non-competitive pricing (pg. 145-172)
5. non-competitive pricing (pg. 289-313)
6. non-competitive pricing (pg. 358-391)
7. collusion (pg. 172-253)
8. mergers (pg. 253-289)
9. vertical concentration (pg. 313-358)
10. review