

EC 460: Theories of Industrial Organization

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Class Hours: M-Th 12:00-1:50pm
Class Room: 125 MCK

Course Description

Industrial organization is the study of the behaviors of firms and consumers in individual markets. This course covers the theory of industrial organization and includes quantitative measures and institutional descriptions of American and global industry. The course emphasizes the determinants and consequences of market power.

Prerequisites

EC 320, EC 311

Required Materials

Cabral, Luis M. B., *Introduction to Industrial Organization* (Cambridge, MA: The MIT Press, 2017)

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.

Course Policies

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:

- **120 points** Problems sets
- **150 points** Midterm
- **200 points** Final
- **30 points** In-class participation

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 through Canvas. Each survey will contribute 5 points to your overall grade.

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 2 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.

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 Wes Wilson, Keaton Miller, and Curtis Dlouhy. Material used with permission.

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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.

Important Dates

- July 22 - first day of class
- July 22 - extra credit survey 1 due
- July 25 - problem set 1 due
- August 1 - problem set 2 due
- August 1 - midterm
- August 4 - extra credit survey 2 due
- August 8 - problem set 3 due
- August 15 - problem set 4 due
- August 15 - final exam

Topics

- Consumer Review
- Firms
- Competition, Equilibrium, Efficiency
- Market Failure and Public Policy
- Price Discrimination
- Games and Strategies
- Oligopoly
- Collusion and Price Wars
- Market Structure
- Horizontal Mergers
- Market Foreclosure
- Vertical Relations
- Product Differentiation
- Innovation
- Networks