COURSE DESCRIPTION

The aim of Industrial Organization is to study the functioning of markets. Analyses in the field are interested in studying the structure and behavior of firms (business-strategy), and to assess market efficiency. The methodology consists in building economic models. The aim of the course is to introduce and review these two aspects of the theory. Topics include pricing models, strategic aspects of business practice, and (some) regulation. Theoretical analysis of firms and industries will be much emphasized in this class.

The course is suitable for students interested in a career in consulting or who wish to apply to graduate school. It is important to be comfortable working with economic models and formal reasoning.

PreReq: Econ 301. A Basic calculus class is desirable.

Learning objectives:

This course is intended to assist economics majors in becoming comfortable with basic modeling of markets, especially those relevant for the behavior of firms and industries. This course is designed to accomplish the following learning objectives. Students should develop skills that allow them to:

1) Understand the theory and consequences of perfect competition, duopoly and oligopoly.
2) Solve analytical models and competently apply the concepts into a final paper.

TEXTBOOKS

Introduction to Industrial Organization. Luis Cabral. MIT Press.

ASSESSMENT

Homeworks: 20%
Quizzes: 20%
First midterm: 20%
Final project: 20%
Final Exam (Comprehensive): 30 %

Total score add up to 110% The maximum score will be 100%.

Class participation will be a plus and considered marginally on special cases. Students are responsible for attending all class meetings, to submit homework’s on time, participate in discussion, and to hear
announcements about adjustments to the schedule. Lectures will often present material not in the textbook. You are nonetheless responsible for understanding such material. If you don’t understand it, ask for further explanation or additional references.

Quizzes will be on Thursdays, about every two weeks. They will be announced the class before the quiz. There will not be make-up quizzes.

There will not be make-up exams. You are required to take the exams during class time when scheduled.

TENTATIVE TOPICS
(subject to change)

0. Mathematics and Microeconomics Review
1. Consumer choice
2. Pricing with and without market power
3. Monopoly power and price discrimination
4. Oligopoly theory and Collusion
5. Pricing discrimination, Vertical Integration and Product Differentiation
6. Entry and exit
7. Technology: Research and Development, Networks.

Disability Access: If you feel you need reasonable accommodations because of the impact of a disability, please 1) contact the KOKUA Program (V/T) at 956-7511 or 956-7612 in room 013 of the QLCSS; 2) speak with me privately to discuss your specific needs. I will be happy to work with you and the KOKUA Program to meet your access needs related to your documented disability.