Industrial Organization 405

Emory University - Department of Economics

Fall 2017

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Meeting Time: TuTh 2:30PM - 3:45PM
Office Hours: TuTh 9-11am, or by appointment

Content

Industrial organization is a study of firm behavior and market performance under various market structures. Using theoretical models that build on microeconomic theory, we will analyze whether a particular firm behavior is profitable, socially desirable, and how government regulations and antitrust policies could improve industry performance. The theoretical tools developed will be applied to such issues as mergers, barriers to entry, collusion, predatory conduct, consumer search, advertising, and R&D.

The topics will be introduced in a mathematically rigorous setting that requires students to think hard about abstract economic problems and to apply the solutions to real-world situations. The use of calculus will be required for solving problems. You should be willing to further develop your math skills. This includes learning how to engage in abstract mathematical modeling, solving algebraic models, graphing, and interpreting results from a regression analysis.

Course Prerequisites

This course requires ECON 201 and ECON 220 or equivalent transfer credit as a prerequisite.

Textbooks

Required: Dennis W. Carlton & Jeffrey M. Perloff, Modern Industrial Organization, 4th edition, Addison-Wesley, 2004


Recommended:


    This book has a number of in-depth antitrust case studies.
Additional reading materials: Students are also required to read materials posted on Canvas.

Grades

Midterm exam (30%), final exam (40%), reports (10%), homework assignments (10%), and participation (10%).

All assignments will be scored numerically and then weighted accordingly to provide an overall score. The following grading scale will be used to determine the letter grade for the course:

- 91-100% = A
- 78-81% = B
- 65-69% = C
- 50-56% = D
- 86-90% = A-
- 75-77% = B-
- 60-64% = C-
- 0 - 49% = F
- 82-85% = B+
- 70-74% = C+
- 57-59% = D+

There will be no make-ups for the exams. If you have a University-excused absence for the mid-term exam, your final exam will be weighted more heavily to reflect the missing exam.

Canvas

I will be using Canvas to post materials for the class. These will include a copy of this syllabus, as well as announcements, assignments, additional readings, and other supplemental materials. You are responsible for checking the site regularly and downloading materials yourself, as most items will not be handed out in class.

Exam Dates

Midterm Exam will be held on Thursday, October 5, during the regular class time.

Final Exam will be held on Tuesday, 12-Dec, 8:00 A.M - 10:30 A.M

Course Policies

- You must always abide by the Honor Code. Academic dishonesty will not be tolerated. Never cheat! Article 4 of the Honor Code deals with academic misconduct. Here’s a link to the entire honor code:
  - [http://catalog.college.emory.edu/academic/policies-regulations/honor-code.html](http://catalog.college.emory.edu/academic/policies-regulations/honor-code.html)

In particular, no books, notes, or other materials are permitted at exams. Any student found cheating will receive a score of zero for that examination. The cases of academic misconduct will be reported to the Honors Council.
• If you have a documented disability, and will be requesting academic accommodation for this class, please me within 2 weeks of the classes.

• You are expected to attend all classes and to be in class on time.

• Only simple calculators, performing basic functions, are acceptable at the exams. Please make sure you have one.

**Tips for Success**

Read the appropriate chapter for general understanding before the lecture. After the lecture re-read the chapter thoroughly and review the material using lecture notes. Practice answering assigned questions and solving problems. Write down your thoughts and questions as soon as they arise. Ask questions and collaborate with your classmates. I encourage you to see me as soon as possible if you have difficulty following a topic discussed in class. Do not miss lectures. You will find your lecture notes essential when preparing for exams and working on assignments.

**Topics Covered in the Course**

It is assumed that you are familiar with microeconomics at the intermediate level. For that reason, we will quickly review chapters 2-4 of Carlton & Perloff, which cover theory of the firm, costs, and perfect competition. This would leave us time to dwell on more advanced topics. We will generally follow the textbook outline with the exception that Chapters 19 and 20 will be used to supplement the discussion of various market structures.

**TEXTBOOK CONTENTS**

I. INTRODUCTION AND THEORY.
1. Overview.
2. The Firm and Costs.

II. MARKET STRUCTURES.
3. Competition.
4. Monopolies, Monopsonies, and Dominant Firms.
5. Cartels.
6. Oligopoly.
7. Product Differentiation and Monopolistic Competition.

III. BUSINESS PRACTICES: STRATEGIES AND CONDUCT.
10. Advanced Topics in Pricing.
11. Strategic Behavior.
12. Vertical Integration and Vertical Restrictions.
IV. INFORMATION, ADVERTISING, AND DISCLOSURE.
13. Information.

V. DYNAMIC MODELS AND MARKET CLEARING.
16. Patents and Technological Change.

VI. GOVERNMENT POLICIES AND THEIR EFFECTS.
20. Regulation and Deregulation.

I welcome your comments and suggestions for improving this class. Speak with me in person, send me an email, or leave an anonymous note in my mailbox in the economics department.

Welcome to the world of Industrial Organization! Have a very productive and enjoyable semester!

"Rather than learning how to solve that, shouldn’t I be learning how to operate software that can solve that?"

—Cartoon by Aaron Bacall