

Syllabus: **ECON 115 – Industrial Organization**; Spring Semester, 2018

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Office: COB2 393
Classroom: KOLLIG 209

Class Hours: Wednesday, 7:30 – 9:30
Office Hours: Monday & Wednesday 3:00 - 4:15
Final Exam: WED, May 9th, 3 - 6 PM, COB 116

Textbook: Pepall, Richards and Norman (PRN) *Industrial Organization: Contemporary Theory and Applications*, **5th Edition**

Course Description: ECON 115 examines, from an **economic** perspective, how real firms behave in markets. In other words, it is the study of *imperfect* – as distinct from *perfect* – competition. The course will be divided into five parts. First, we will introduce “industrial organization,” and discuss how and why it emerged as a disciplinary response to the growth of antitrust law, government actions and court rulings. Second will be a review of microeconomics, using, as needed, calculus to derive theories about competition and monopolies, consumer and producer surpluses, and costs and profits. Building on this information, the third part of the course will examine monopolistic behavior with regard to price discrimination, product differentiation and bundling. Part 4 will focus on oligopolies and their strategic interactions using game theory. This will be followed by a review of anticompetitive strategies -- such as limit pricing and price fixing -- employed in different industries. The final part will return to antitrust, exploring real-world outcomes of three famous antitrust cases. ECON 115 will culminate in a final, where you will be given the opportunity to examine the structure of a particular “monopoly” (one subject to antitrust enforcement) in light of the theoretical information developed throughout the semester.

How you earn a grade:

Quiz	10% of grade
Problems #1 - #10	10% of grade
Review Problems	5 % of grade
Midterm #1	25% of grade
Midterm#2	30% of grade
Final	20% of grade

Tentative Course Schedule

#	Date	Lecture Topics	Reading	Due:
1	1/17	Introduction to ECON 115; course requirements, direction & focus. Short history of IO discipline Calculus in 45 minutes;	4 - 13	#1 Calculus (in class)
2	1/24	MICRO Review Market structure & power; technology & cost	19 - 32; 47 - 54, 56 - 61	
3	1/31	QUIZ (first hour) Introduction to Price Discrimination 3 rd Degree Price Discrimination	95 - 102; 109 - 112	#2 Micro & #3 Cost
4	2/7	3 rd Price Discrimination, Reprised Introduction to Non-linear Pricing	119 - 136	#4 3rd Degree
5	2/14	2 nd Degree Price Discrimination, Reprised The welfare effects of Price Discrimination Introduction to Product Variability	142 - 151, 155 - 157	#5 2nd Degree
6	2/21	Horizontal Product Differentiation Commodity Bundling & Tie-in Sales Midterm Preparation	174 - 179; 185 - 196	#6 Product Differentiation (in class)
8	2/28	MIDTERM 1		Midterm
9	3/7	Midterm Review Game Theory in 30 minutes Static Games & the Cournot Model	214 - 235	
10	3/14	Static Games & the Bertrand Model Cournot vs. Bertrand	243 - 256	#7 Cournot
11	3/21	First and Second Movers Dynamic Games: The Stackelberg Model	265 - 280	
	3/28	SPRING BREAK		
12	4/4	Limit pricing and entry deterrence Predatory conduct in pricing & entry	284 - 307 318 - 331 342 - 346	# 8 Stackelberg #9 Limit pricing (in class)
	4/11	Price Fixing Midterm Preparation	349 - 354 363 - 370	#10 Price Fixing (in class)
12	4/18	MIDTERM 2		
13	4/25	Review the Midterm The History of Antitrust 3 antitrust cases: Standard Oil, Alcoa and Microsoft.	TBD	
16	5/2	What we have learned about IO Preparation for the Final		Review Problems
17	5/9	FINAL 3 - 6 PM Wednesday, COB 116		Final