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EC3322: Industrial Organization I

This course is an introduction to Industrial Organization, the study of markets and how firms compete with each other. Our focus will be on theoretical models, but we will discuss many empirical applications as well.

Useful background:

- Good understanding of microeconomics
- Basic knowledge of game theory
- Comfortable with algebraic manipulation, finding derivatives, and solving optimization problems

Primary textbook:

- Peppal, L., D. Richards, and G. Norman. Industrial Organization: Contemporary Theory and Empirical Applications, 4th or 5th edition. Blackwell Publishing.

Also useful but not required:

- Church, J. and R. Ware. 2000. Industrial Organization: A Strategic Approach. *This text is out of print. The authors have made it available online for downloading.*
- Carlton, D. and J. Perloff. 2005. Modern Industrial Organization, Pearson-Addison Wesley.
- Cabral, L. 2000. Introduction to Industrial Organization. MIT Press.

Lectures:

Office hours: TBA. I will also stick around after lecture to chat.

Grades:

- Tutorial participation (20%)
 - Tutorial participation will consist of presenting answers to theoretical and discussion questions. Note well: while I encourage students to help each other (after trying to answer the questions yourself), I do not allow the presentation of answers taken from past semesters or from earlier tutorials than yours.
 - Attending a tutorial other than your own is not permitted.
- Midterm exam (closed book) (30%), TBA
 - If you miss the midterm, you will be allowed to take a makeup **ONLY** if you provide an excuse deemed acceptable by the university.
 - The coverage of any makeup midterm will include all the material of the regularly scheduled midterm plus any new material introduced in lecture up to the point of the makeup midterm.
- Final exam (closed book) (50%), 2 December 2015, Wednesday, 1pm
 - There is no makeup final exam.

Course outline with references

1. Markets and Concentration Measures
 - lecture slides
2. Costs
 - any intermediate microeconomics text
3. Perfect Competition
 - Carlton and Perloff's ch. 3 on IVLE
4. Monopoly
 - any intermediate microeconomics text
5. Dominant Firm Model
 - Carlton and Perloff's ch. 4 on IVLE

6. Price Discrimination, Bundling, and Tie-in Sales

- Pepall, Richards, and Norman's chapters 5, 6, 8.2

7. Product Variety and Quality Under Monopoly

- Pepall, Richards, and Norman's chapter 7

8. Game Theory and Static Oligopoly

- Pepall, Richards, and Norman's chapters 9 and 10 and Nicholson and Snyder's chapter on game theory on IVLE

9. Dynamic Games and Stackelberg Competition

- Pepall, Richards, and Norman's chapter 11 and Church and Ware's section on entry deterrence on IVLE

10. Collusion and Cartels

- Pepall, Richards, and Norman's chapter 14

11. Product Differentiation and Monopolistic Competition

- lecture slides

One or two of the following topics will be covered if time permits.

12. Horizontal Mergers

- Pepall, Richards, and Norman's chapters 15

13. Vertical Mergers

- Pepall, Richards, and Norman's chapters 16

14. Networks

- Pepall, Richards, and Norman's chapter 22 and Cabral's chapter on networks on IVLE