

ECN 594: Advanced Topics in Competition Policy & Business Strategy

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Office Hours: By appointment

Class Hours: Monday/Wednesday 8:00-10:30am

Office: CPCOM 455G

Classroom: Tempe MCRD 250

Course Description

This is an advanced course in “Industrial Organization”, which is the study of firm and consumer behavior with a particular focus on competition. The field addresses fundamental questions about when markets benefit society and where there may be scope for regulation. In addition, industrial organization economists work within businesses (particularly in tech) to design pricing and online marketplaces; while not a central focus of this course, I will occasionally mention these applications. Overall, the course will equip you with tools and concepts essential for analyzing firm strategy and for designing effective public policy.

Prerequisites

Enrollment in the MS program.

Required Textbook

- *Introduction to Industrial Organization, Second Edition* by Luis M. B. Cabral (MIT Press, 2017)

Supplementary References

- *Discrete Choice Methods with Simulation* by Kenneth E. Train (Cambridge University Press)
— free PDF available online

- *Handbook of Industrial Organization, Volume 4* edited by Ho, Hortacsu, and Lizzeri (North-Holland, 2021), Chapter 2

Homework

There will be two homework assignments. You may work in groups of up to two, but ensure you understand all the work. To both learn the methods and ensure your solutions are accurate, it may be best to work individually and then check that you get the same results.

Late assignments will not be accepted and will receive a grade of 0.

Examinations

There will be two exams:

- Midterm Exam (in class, **February 9**)
- Final Exam (in class, **March 4**)

Important: There will be no makeup exams without a university-sanctioned excuse. If you cannot take an exam, you must: 1) let me know at least 48 hours before the exam, and 2) provide documentation for your university-sanctioned excuse. If you do not do both, you will receive 0 points on the exam.

Grading Policy

Your final grade will be determined as follows:

- 20% Homework 1
- 20% Homework 2
- 30% Midterm Exam
- 30% Final Exam

All assessments will be in points. To determine your final grade, I will first scale the maximum point grade of each assessment to 100. I will then take the above weighted average over all of your assessments.

Your final grade will be converted into a letter grade using the following intervals:

A+	Above 99
A	[94,99)
A-	[90,94)
B+	[87,90)
B	[84,87)
B-	[80, 84)
C+	[70,80)
C	[60,70)
D	[50,60)
E	Below 50

For **regrades**, please attach a note to the front of the assessment with the reason why you want the assessment regraded. The entire assessment will be regraded, so if you request a regrade your grade could decrease.

Attendance

I won't be taking attendance. If you are unable to attend class due to illness or other reasons, email me for the Zoom link. I strongly encourage you to stay home if you are feeling unwell.

Generative AI

AI tools like ChatGPT or Copilot may be used for minor tasks such as fixing typos or understanding error messages. However, AI should not be used to write code, derive solutions, or answer conceptual questions. You must be able to explain and reproduce your work.

Syllabus Changes

The information in the syllabus may be subject to change.

Schedule

Note: This schedule may be subject to change. Only material covered in class is assessable.

1. Part 1: Demand Estimation and Pricing

- Introduction and pricing (Cabral Chapters 3, 5)
- Utility models and estimating demand (Train; HIO Vol. 4, Chapter 2)
- Price discrimination (Cabral Chapter 6)
- Review and practice questions
- Note: Midterm Exam will cover material from Part 1

2. Part 2: Models of Competition and Industry Structure

- Cournot competition (Cabral Chapter 8)
- Hotelling model (Cabral Chapter 14)
- Entry and market structure (Cabral Chapters 10, 12)
- Horizontal relationships and mergers (Cabral Chapter 11)
- Vertical relationships (Cabral Chapter 13)
- Review and practice questions
- Note: Final Exam will be cumulative

Other Policies

Several important W. P. Carey and ASU Policies for the course can be found [here](#), including:

- Honor Code and Professionalism Policy
- Prohibition Against Discrimination, Harassment, and Retaliation
- Instructor Absence Policy
- Religious Accommodations
- University-Sanctioned Activities
- Tutoring Support
- Threatening Behavior Policy
- Disability Accommodations
- Offensive Material
- Copyright Material