Industrial Organization (Econ 460/560)                CRN 22025—Winter 2016

Contact: Prof. Glen Waddell, PLC 509, 34-61259.

Course webpage: pages.uoregon.edu/waddell/460

Lecture: Tuesday and Thursday, 1600-1720, McKenzie 240C

Course Objectives: In a class such as this we are concerned with the microeconomic behavior of firms in the face of technology constraints, the nature of consumer demand, and interactions with other firms. After reviewing and refining our understanding of the nature of production and firms’ costs, perfect competition, and monopoly, we will then turn to more advanced topics; oligopoly, product differentiation, monopolistic competition, antitrust regulation, game theory. By the end of the course, you should have a better understanding and appreciation for the variety of factors that explain why firms and markets behave as they do. Thus, it should provide you with a solid background for future graduate work in industrial organization or future business conquests. If nothing else, you should be more interesting to talk to at parties.

Textbook: The text for the class is Modern Industrial Organization by Carlton and Perloff. We will use elementary calculus in this class so the ability to consult an introductory calculus text will also be of some value. As usual, your intermediate micro (EC311) text is also an obvious source of information to which I am likely to direct you. Another IO book you might consider finding in the library for supplemental reading is Industrial Organization: Theory and Practice by Waldman and Jensen.

Office Hours: Consult webpage for current information. You should also feel free to make appointments outside of these times.

Grading Policy: Grades will be based on assignments and quizzes (approximately seven in number), a midterm exam, and a final exam. The final will be comprehensive. For those registered in EC460, the weights are as follows:

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\begin{align*}
55\% & \text{ Assignments and quizzes} \\
20\% & \text{ Midterm exam: Monday of week 7} \\
25\% & \text{ Final Exam (Please confirm the date and time of the final exam with the official university exam schedule. Drop class if necessary.)}
\end{align*}
\]

No makeup exams will be given for any reason. No makeup exams will be given for any reason. If you cannot make one of the above examination periods you should drop the class. In the unforeseen event that a midterm is missed due to serious injury or illness, or a death in the family, a typewritten petition fully explaining and documenting why the exam is missed
must be submitted *within three days of the exam*. If the petition is approved, then the weight of the missed exam will be added to the original weight of the final exam. The alternative is to have a score of zero points for the missed exam. Those students taking this course pass/fail must earn a “C-” in the course in order to receive a passing grade. A necessary but not sufficient condition for requesting a grade of “Incomplete” is a “B-” on all completed tasks. You will receive no grade in this course if it is found that you have not received a “C-” or better in the prerequisite EC311. Further, if you are not able to write the final exam for any reason, drop the course now (i.e., the “no makeup” policy is not negotiable.)

**Grade Appeals:** Any requests for re-grading on a test must be submitted in writing within three days of when the test is returned. If you do not pick up your test when it is returned, you still must make any re-grading request within three days of when the test was returned. A re-grading request should include an argument for why you feel your answer was correct. I reserve the right to re-grade the entire question when a request to re-grade part of a question is made.

**Academic Integrity:** You may have a pen or pencil, a ruler or straightedge, and a non-programmable hand-held calculator at your desk while taking an exam. Any other forms of assistance or sources of information are prohibited unless specifically authorized. Any violations of academic integrity involving an exam will result in a failing grade for the course. In addition, an incident report will be filed with the University’s Hearing Board. The submission of all exams will require the presentation of a valid UO ID card without exception. All cell phones must be turned off during examination periods. It is also a violation of Oregon state law to create and offer to sell part or all of an assignment to another person (ORS 165.114) or to falsify the authorship of a work product (ORS 165.037).

**EC 550:** Being registered in Economics 560 leaves you with one additional responsibility for the term. You will submit a paper. The paper will comprise 10 percent of your grade. Please schedule an appointment with me by the end of the second week to discuss the requirements and to agree on a paper topic. The paper will be due at the beginning of the last scheduled class of the term.

- 40% Assignments and quizzes
- 20% Midterm exam: Monday of week 7
- 15% Paper due: Thursday of week 9
- 30% Final Exam (Please confirm the date and time of the final exam with the official university exam schedule. Drop class if necessary.)
## Reading list:

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<th>Week(s)</th>
<th>Topic</th>
<th>C&amp;P Pages</th>
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<tr>
<td>Week 0</td>
<td>An Overview: What is IO?</td>
<td>C&amp;P: Chapter 1</td>
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<td>Weeks 1 &amp; 2</td>
<td>The Firm and Concepts of Cost Competition Monopoly</td>
<td>C&amp;P: Chapters 2-4</td>
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<td>Weeks 3 &amp; 4</td>
<td>Cooperative oligopoly Cooperative strategy</td>
<td>C&amp;P: Chapter 5; Chapter 11, 279-286</td>
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<td>Weeks 5 &amp; 6</td>
<td>Noncooperative Oligopoly Market Structure</td>
<td>C&amp;P: Chapter 6; Chapter 8, 254-258.</td>
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<td>Weeks 6 &amp; 8</td>
<td>Product Differentiation and Midterm exam</td>
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<td>Week 7</td>
<td>Monopolistic Competition</td>
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<td>Weeks 9</td>
<td>Price Discrimination Nonlinear pricing</td>
<td>C&amp;P: Chapter 9; Chapter 10, 213-319.</td>
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<td>Weeks 10</td>
<td>Consumer Information</td>
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<td>Week 11</td>
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