Econ 4697: Industrial Organization

Spring 2002

Announcements

In this area I will post course announcements.

Starting Announcement: Be sure that you are very familiar with this page. You are responsible for all information on this page.

- Class Time: MWF 10:00 to 10:50
- Room: Ekeley E1B50
- Office Hours: MW 2:00 to 3:00 (or by appointment.)
- Office: Economics 14 C (Behind Room 14 in the Economics Basement.)
- Email: roblesj@spot.colorado.edu (please include IO in subject.)
- Date of Final: Saturday May 4, 10:30 AM to 1:00 PM
- Date of Midterm 1: Wednesday February 20
- Date of Midterm 2: Wednesday April 10

Course Requirements:

- Final: 30 percent.
- Midterms: There will be two, 20 percent each.
- Homework: seven homework sets, worth (in total) 20 percent.
- Attendance/Class Participation: worth 10 percent.

Important Facts you should know from day one:

- Some Rules of the Game
- Course Outline

- List of Homework Assignments and Solutions
- Game Theory Handout
- Marginal Revenue Handout
- Test Distributions
- Old Exams
  - Antitrust case summaries When doing an alphabetical search, be sure to check under U.S. versus

Course Description

file://C:\EconomicsWeb\spring02-syllabi\spring02-4697-001syllabus.htm 1/14/02
Industrial Economics is the study of firm behavior. We study how firm and industry structure determine the incentives, behavior and performance of firms. We will start with the simplest cases of perfect competition and monopoly. These cases serve as benchmarks and in addition help to illustrate certain fundamental concepts in their simplest form. From this starting point we will move to considering markets where (unlike monopoly) there is more than a single firm (or prospective firm.) and these firms (unlike perfect competition) have market power. This will involve the study of how firms interact with and react to each other. Consequently, I will introduce the fundamental concepts of game theory, which might informally be described as a theory for how economic agents will 'compete' with each other when they are aware of the fact that each agent's actions affect the decisions of every other agent. With these tools we will investigate such questions as: how might a firm prevent other firms from entering a market? How might firms collude to raise prices and increase their profits? What incentives do firms have to form mergers? What are the incentives and effects from research and development?

My emphasis is on the theory of firm behavior. We will construct models and then use these models to analyze different situations. You will not be expected to derive mathematical results. However, I will derive some, and I will simply state and explain others. You are expected to understand the models well enough to be able to intelligently discuss these results. Real world cases will be analyzed with regularity, but it will be in the context of the models that have been introduced.
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Rules of the Game

- **Bluebooks** are required for every test.

- You are responsible for information posted on the course page. This includes, but is not limited to, homework and midterm dates. If something is posted at the beginning of the course then I will not feel obligated to announce it. When new information is posted (in the obvious location,) I will feel obligated to announce it only once.

- **There is no proper text.** If you miss lecture you are responsible for getting notes from someone who did not. I will not repeat a lecture in my office hours. Be familiar with the course outline.

- Each student may hand in one **late HW** without penalty. However, I do not accept homework after the solution has been posted.

- **Homework is graded** plus (excellent), check (satisfactory), minus (poor), or zero, with check pluses and check minus representing intermediate grades.

- **Test grades** are curved.

- Regarding **Attendance/Class Participation**: A zero here would correspond to essentially no attendance, whereas full credit would consist of almost perfect attendance. It is possible to get above ‘full credit’ by participating in a manner that improves the class. Likewise it is possible to get below a zero by displaying behavior which degrades the class.

- **Calculators** are not allowed. If you use a calculator during a test, it will be considered cheating.

- There is an ‘internal prerequisite’ for this class. **Homework Zero** is meant as a demonstration that you have read, understood, and accepted the rules and requirements of this course. You must receive a perfect score on Homework Zero.

- There is no **extra credit**.

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