

Dr. Diana Moss
University of Colorado
Department of Economics
Phone: 703-400-5406
E-mail: mossd@colorado.edu or dmoss@antitrustinstitute.org
Office hours: T/Th 11:00 am - 12:15 pm

Industrial Organization and Regulation (4697-001)
Fall 2005 (T/Th: 12:30 - 1:45 pm)

Course Description and Objectives:

The objective of this course is to familiarize you with the theory and application of Industrial Organization. Industrial Organization addresses market structure and firm conduct in *imperfectly* competitive markets. Such conduct includes pricing, output, quality issues, advertising and marketing, and entry and exit. The course will emphasize fundamental economic concepts and developing the tools that are useful for thinking critically about a wide variety of public policy issues. These tools include graphical analysis, algebra, and basic calculus necessary to understand the theory and develop basic models. Public policy issues will focus on competition policy and how it is formulated and implemented through regulation and--to some extent--antitrust. Applying these skills to a variety of real-world problems will be a central focus of the course. By the end of the semester, you should have a good understanding of how market structure, firm conduct and market performance interrelate. The course consists of four parts. Part I introduces the course material and reviews market structures ranging from monopoly to perfect competition. Part II examines oligopoly. Part III analyzes price and non-price strategies, and Part IV focuses on entry and exit and technology.

Course Requirements, Grading, and Other Policies

Exam #1 (September 15th)	30%
Exam #2 (October 18th)	30%
Exam #3 (November 17th)	30%
Exam #4 (December 8th)	30%

(Best of three (3) scores on Exams #1 - #4)

Class participation	10%
----------------------------	------------

Total	100%
--------------	-------------

Exams and Grading: The grading policy is designed to be fair, flexible, and efficient. Class participation (attending all classes and participating in discussion) is part of your grade. I understand that circumstances can arise that may make it difficult to take an exam (e.g., religious holidays, family emergencies) or in which you may not perform up to expectations on an exam or, so I will drop the lowest of your four exam scores. The guarantee of a dropped exam score is an option that remains valuable through the end of the semester, so you should take **all four** exams. Exam dates may be moved as necessary. There are **no** make-up exams and none will be scheduled. I will assign letter grades at the end of the semester based on total, scaled point scores.

Homework: I will regularly assign homework problems over the semester. I will neither collect nor grade these problems, but do emphasize that working them out is **critical** for developing your understanding and mastery of the course concepts and tools.

Academic Integrity, Student Conduct, and Students with Disabilities: Students are expected to abide by the University's academic integrity, student conduct, and disabilities policies. In particular, the use of wireless telephony devices while the class is in session distracts the class from the subject matter and discussion and should be turned off **before** the start of class. In accordance with University policy, if you have specific disabilities that require accommodation, please let me know early in the semester so that your learning needs may be appropriately met. You will be required to provide documentation of your disability to the Disability Services Office.

Text

The assigned textbook--*Introduction to Industrial Organization* by Luis Cabral, 2000, MIT Press--is available at the bookstore. This book takes a largely non-mathematical in approach to the subject matter, but the exposition is very good. I will be supplementing the book with mathematical examples in class and homework problems. I encourage you to keep up with the readings, in advance of their coverage in lecture.

Calendar of Topics

Part I: Introduction and Monopoly to Perfect Competition

Weeks 1 - 4:	Chapter 1:	Introduction
	Chapter 2:	Basic Microeconomics
	Chapter 3:	The Firm
	Chapter 4:	Games and Strategy
	Chapter 5:	Monopoly and Regulation
	Chapter 6:	Perfect (and Almost Perfect) Competition

Part II: Oligopoly

Weeks 5 - 7: Chapter 7: Oligopoly Competition
Chapter 8: Collusion
Chapter 9: Market Structure and Market Power

Part III: Price and Non-Price Strategies

Weeks 8 - 11: Chapter 10: Price Discrimination
Chapter 11: Vertical Relations
Chapter 12: Product Differentiation
Chapter 13: Advertising

Part IV: Entry and Exit and Technology

Weeks 12-15: Chapter 14: Entry Costs, Market Structure, and Welfare
Chapter 15: Strategic Behavior, Entry and Exit
Chapter 16: Research and Development
Chapter 17: Networks and Standards