



Department of Economics and Finance

ECON* 3530
Industrial Organization
Winter 2014



Industrial Organization (Econ* 3530)

Instructor: Prof. Talat Genc

Email: tgenc@uoguelph.ca

Office hours: 1-1:50 pm (T Th)
or by appointment.

Office: MacKinnon 732

Teaching assistant: TBA

Winter, 2014

Class time: 11:30 -12:50 T Th

Classroom: MacK 233

It is your responsibility as a student to be aware of and to abide by the University's policies regarding academic misconduct, email communication, maintaining copies of out-of class assignments, what to do when you cannot meet a course requirement and the drop date for this semester. To better understand these policies, visit:

https://dev.web.uoguelph.ca/economics_d7/important-notice-about-students-responsibilities-and-university-policies

Textbook: Modern Industrial Organization *by* Dennis W. Carlton and Jeffrey M. Perloff.
Publisher: Addison Wesley Longman, 4th ed.

Prerequisite(s): Econ*2310 and Econ*2770.

Course Objectives: The main purpose of this class is to understand and implement basic economic issues of organization of firms and industries. These issues may include oligopoly theory, equilibrium analysis, strategic bidding and antitrust cases.

Grading Policy: Students will write two midterms and a final exam with the following weights:

Midterm 1: 25% (of the final grade),

Midterm 2: 25% (of the final grade),

Final exam: 50% (of the final grade).

Examination Policy: You are expected to be present for each examination. *There will be no make-up examinations.* In case of an unavoidable emergency, please contact the instructor (contact person can be you or someone delegated by you) immediately; otherwise expect a grade of zero.

Tentative Course Outline: Chapters are from the textbook.

Section 1: Chapters 1-2. Overview. The firm and costs.

Section 2: Chapters 3-8. Competition. Monopolies, monopsonies, and dominant firms.

Cartels: Oligopoly joint decision making. Oligopoly. Product differentiation and monopolistic competition. Industry structure and performance.

Section 3: Chapters 9-12. Price discrimination. Advanced topics in pricing. Strategic behavior. Vertical integration and vertical restrictions.

Section 4: Chapters 15, 17. Decision making over time: Durability. How markets clear: Theory and facts.

Section 5: Chapters 19-20. Antitrust laws and policy. Regulation and deregulation. (Final exam).

OTHER

* You should be ready to follow up on class notes *daily* at home. Advanced reading of material to be covered in the class will assist you in better understanding the material.

* Students with disabilities who require reasonable accommodations to fully participate in course activities or meet course requirements are encouraged to contact me.

* Students who want to appeal a grade should do it in writing, no later than the day after the exam was returned.

* You will be asked to complete in-class course evaluation at some time during the last two weeks of the semester. The Department of Economics policy regarding the conduct and use of these evaluations will be found at

<https://www.uoguelph.ca/economics/course-evaluation>

In keeping with the University's Learning Outcomes, the Department of Economics and Finance *Learning Outcomes* (skills and knowledge competencies) for this course are:

Skills:

- 1) *Written Communication:* Short answer essay questions which will be graded with the usual essay writing criteria except for the requirement of a bibliography.
- 2) *Numerical Problem Solving:* Students will have to **solve** various Cournot and Bertrand equilibrium models namely one-period models. Students will also have to make **quantitative predictions**. These numerical skills will be assessed with quantitative problems in the homework assignments, the midterm and final.
- 3) *Analytical Problem Solving:* Some chapters of the course rely on graphical **analysis** to **demonstrate** and **interpret** various economic models. This will be tested on the homework assignments, midterms and final.
- 4) *Problem solving in a Real World Context:* Students will have to **apply** the course materials to historical and current microeconomic problems.
- 5) *Professional and ethical awareness and conduct:* There will be no time extension to complete the homework assignments in order to master **time management** skills.

Knowledge:

- 1) *Mathematical Methodology:* Students are expected to **analyze** equilibrium models.
- 2) *Microeconomic modelling:* Students are expected to **apply** the supply and demand framework to various markets, the theory of the firm and the theory of the consumer.
- 3) *Understanding of Specific Markets:* Several sectors are **analyzed** such as automobile, energy and transportation industries.
- 4) *Economic Policy and Regulation:* Students must **understand** and **explain** the functionality of competitive behavior in certain market environments.