

Syllabus
Economics 406
Industrial Organization

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Course Description and Learning Objectives:

This class provides an introduction to the field of industrial organization. We will study firm behavior in competitive, oligopolistic, and monopolistic market structures, and we will develop an analytic framework to understand specific policy questions.

Learning Objectives:

1. Have a basic understanding of price theory as it applies to firms' decision-making.
2. Be able to use game theory to understand strategic interactions among firms.
3. Understand the impact of market structure on a firm's profit-maximization problem.
4. Be able to use economic analysis to discuss government's potential role in improving the competitiveness and efficiency of markets.
5. Be familiar with empirical research in the field of industrial organization.

Required Materials:

You must have access to the textbook and Moodle:

- *Modern Industrial Organization*, by D. W. Carlton and J. M. Perloff
- [Moodle](http://courseware.umt.edu/) (http://courseware.umt.edu/)

Accessibility:

This course is accessible to and usable by otherwise qualified students with disabilities. Talk to me if you'd like to request reasonable program modification. For more information, visit the [Disability Services website](http://www.umt.edu/disability) (http://www.umt.edu/disability).

Academic Integrity:

I expect you to practice academic honesty in all matters pertaining to this course. Violations will be pursued in accordance with the University of Montana Student Conduct Code.

Grading:

The last day to drop, add or change the grade option is November 2. After this date, you will need my and the Dean's signatures in order to drop the course. I will not approve a drop without written documentation of a medical issue, a change in work schedule, or other emergency.

Your final grade will be determined as follows:

Problem Sets	15%
Participation/Reading Quizzes	10%
First Exam (Oct 6)	25%
Second Exam (Nov 6)	25%
Final (Tuesday, Dec 19, 1:10 – 3:10 PM)	25%

Exams:

Make sure you have no conflicts with the exam dates. Examinations must be taken at the assigned time or a zero will be recorded. Exceptions to this policy will only be granted for serious circumstances. Arrangements for an exception must be made as soon as possible and in advance if at all possible. You should be prepared to provide evidence that the situation is beyond your control.

Participation:

Your participation grade is based on your class attendance and your performance on reading quizzes, which will consist of a few brief questions to test whether you have read articles assigned for class. The articles will be posted on Moodle. The quiz will occur on the day the reading assignment is due, and there will be **no make-ups**. You can drop one quiz grade.

Problem sets:

Problem sets will be handed out one week before they are due, and will not be accepted after the assigned date without a documented excuse. These exercises are intended to give you practice using the skills discussed in the textbook and in class and to familiarize you with the types of questions that will be on exams.

Course Schedule:

Date	Assignment	Topic	Readings
Week 1			
Aug 31		Introduction	Chapter 1
Week 2			
Sept 4		Labor Day	No Class
Sept 6		Profit Maximization and Costs	Chapter 2
Sept 8			
Week 3			
Sept 11	HW 1 handed out		
Sept 13			
Sept 15		Perfect Competition and Welfare	Chapter 3
Week 4			
Sept 18	HW 1 due, HW 2 handed out		
Sept 20		Monopoly	Chapter 4
Sept 22			
Week 5			
Sept 25	HW 2 due, HW 3 handed out		
Sept 27			
Sept 29		Monopoly Practices	Chapters 9 & 10
Week 6			
Oct 2	HW 3 due		
Oct 4			
Oct 6	Exam 1		
Week 7			
Oct 9			
Oct 11	HW 4 handed out		
Oct 13		Cartels & Oligopoly	Chapters 5 & 6
Week 8			
Oct 16			
Oct 18	HW 4 due, HW 5 handed out		
Oct 20			
Week 9			
Oct 23			
Oct 25	HW 5 due, HW 6 handed out		
Oct 27			

Week 10			
Oct 30		Product Differentiation	Chapter 7
Nov 1	HW 6 due		
Nov 3			
Week 11			
Nov 6	Exam 2		
Nov 8			
Nov 10		Veterans Day	No Class
Week 12			
Nov 13	HW 7 handed out	Market Structure and Concentration	Chapter 8
Nov 15			
Nov 17			
Week 13			
Nov 20	HW 7 due, HW 8 handed out	Strategic Pricing Behavior	Chapter 11
Nov 22		Thanksgiving Holiday	No Class
Nov 24		Thanksgiving Holiday	No Class
Week 14			
Nov 27			
Nov 29			
Dec 1	HW 8 due, HW 9 handed out		
Week 15			
Dec 4		Advertising	Chapter 14
Dec 6			
Dec 8	HW 9 due		
Week 16			
Dec 11			Chapter 14
Dec 19	Final Exam	1:10-3:10 PM	

Readings:

Sumner, Daniel, "American Farms Keep Growing: Size, Productivity, and Policy," *Journal of Economic Perspectives*, Winter 2014

Boldrin, Michele and David K. Levine, "The Case Against Patents," *Journal of Economic Perspectives*, Winter 2013

Erutku, Can and Vincent A. Hildebrand, "Conspiracy at the Pump," *Journal of Law and Economics*, February 2010

Greenstein, Shane et al, "Net Neutrality: A Fast Lane to Understanding the Trade-offs," *Journal of Economic Perspectives*, Summer 2016

Orbach, Barak Y. and Liran Einav, "Uniform prices for differentiated goods: The case of the movie-theater industry." *International Review of Law and Economics*, 2007