**Econ 150 Industrial Organization Pomona College Fall 2015 Carnegie 107 MW 2:45**

**Instructor**: Jill Harris jill.harris@pomona.edu 909-342-4444 (cell) 909-607-4523 (office)

**Office**: Carnegie 215

**Office hours**:

MW 4:00 to 6:00 and by appointment

**Required Text**: Industrial Organization Theory and Practice Waldman & Jensen 4th ed

See Sakai for additional sources, online content, assignments, and copies of all course related documents.

Accommodation: if you are need of support or accommodation of any kind to participate in this class, please speak with me immediately and make the appropriate arrangements with the Dean of Students.

**COURSE DESCRIPTION**

This course introduces you to the economic analysis of imperfectly competitive markets and their relationship to the structure of firms. It differs from courses in microeconomics and game theory in that it focuses on the regulation of competition as it is observed in the “real world.” Where competitive forces cannot discipline markets, government forces often substitute in an attempt to create more socially desirable outcomes. With the textbook serving as “home base,” we begin the course with a survey and review of perfectly competitive markets. After this review, we explore a variety of market failures and imperfectly structured markets using game theoretic and structural model approaches. Throughout the course, we emphasize policy options available to modern capitalist economies interested in promoting competitive economic outcomes.

**STUDENT LEARNING OUTCOMES**

1. Students will successfully apply basic, game theoretic and structural models of firm behavior in a variety of imperfectly competitive situations in order to better understand and/or predict firm behavior.
2. Students will become familiar with influential anti-trust cases and connect the outcomes of these cases with their economic significance.
3. Students will differentiate between advantages and disadvantages of governmental regulation and deregulation processes.

**ASSESSMENT**

Three exams worth 210 points total, homework/problem sets worth 90 points total and three group presentations worth 100 total points will be collected. Grades will be assigned based on point total accumulated:

380 – 400  A     360 – 379  A-     340 – 359  B+      332 – 339  B    320 – 331  B-

312 – 319 C+      292 – 311 C      280 – 291 C-      268 – 279 D     260 – 267 D-

< 260 = F

Grades are earned based on the accumulation of points on the exams, homework and group presentations. If all homework and group presentations are submitted on the date assigned (hard copies, no electronic submissions count), students may elect to rewrite ONE question on ONE of the first two exams to earn up to half of the missing points back. This is the only form of “extra credit” available in this course. Students can be proactive and avoid end of the semester disappointment by communicating with me about your assessment/points earned frequently during the term.  **Hold on to all work returned to you and keep it until final grades are submitted and verified**.  Reproduced below (for our mutual benefit) are sample descriptions of grade points and achievement.

A or A-

Outstanding.  The student displayed exceptional grasp of the material, frequently with evidence of intellectual insight and original thought.

B+, B, B-

Excellent.  Work demonstrated a thorough grasp of the material with occasional errors and omissions.  Assignments were thoroughly and completely done, with careful attention to detail and clarity and with evidence of intellectual insight.

C+, C, C-

Acceptable.  The quality of work was acceptable, meeting minimal course standards but was not exceptional.  Performance on examinations and other assignments was satisfactory and demonstrated that the student was keeping up with the material and attending to detail.

D, D-

Poor.  The quality of work was not always satisfactory but overall was passing.  Assigned work was not always done or, when done, was inadequate.  Performance on examinations and other work was generally weak with regard to understanding of subject, proper formulation of ideas and thoroughness.

**POLICY ON TECHNOLOGY—please completely silence phones once class begins.**

**Tentative Course Outline (Waldman & Jensen = WJ )**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Week of | Topic | Reading | Assigned work | Misc |
| 1/18 |  Intro to IO | WJ 1,2 | 1st group formed | Class overview & logistics |
| 1/25 | Alternatives to Profit Max Behavior | WJ 3 | PS1 out |  |
| 2/1 | ConcentrationEntry and Exit | WJ 4,5 | PS 1 duePS2 out |  |
| 2/8 | Game Theory basics for IO | WJ 6 | PS2 duePS3 outGroups 1-5 present | Sakai has presentation guidelines |
| 2/15 | Empirical IO overview | Einav, et al paperClass notes (review) | PS3 dueGroups 5-10 present**Exam 1** | Einav, Liran and Levin (2010) JEP paper |
| 2/22 | Collusion | WJ 8,9 | PS4 out | Review WJ Ch. 7 if necessary |
| 2/29 | Entry Deterrence | WJ 10,11Goolsbee Syverson paper | PS4 duePS5 out | Goolsbee Syverson (2008) QJE paper |
| 3/7 | Antitrust | WJ 18,19 | PS5 dueGroups 5-10 present |  |
| 3/21 | Antitrust: Clayton Act & FTC | Case notes from presentations | PS6 outGroups 1-5 present |  |
| 3/28 | Antitrust |  Case notes from presentations | PS6 due**Exam 2** |  |
| 4/4 | Product Differentiation & Advertising | WJ 12 | PS7 out |  |
| 4/11 | Price DispersionPrice Discrimination | WJ 14Sorenson paperClass notes | PS7duePS8 out | Sorenson (2000) JPE |
| 4/18 | Regulation & Deregulation | WJ 20 Excerpts from Commanding Heights | PS8 due | Commanding Heights Episdode 1 |
| 4/255/2\*\*5/12 | Static v Dynamic CompetitionFinal 2pm | Wolfram (1999) paper, Porter (1983) paper | Groups 3-7 presentGroups 1, 2, 8-10 present**Exam 3** | Wolfram (1999) AER Porter (1983) Bell JournalSee Sakai for guidelines |

\*Spring Break is March 14-18th \*\* Reading days May 5th-6th

The Academic Honesty policy can be found here:

<http://catalog.pomona.edu/content.php?catoid=7&navoid=394>