

Fall 2006

Ohio University
Department of Economics
Econ 332/532: INDUSTRIAL ORGANIZATION
Bentley Hall 215, M,T,W,T

Instructor: Vahe Lskavyan

Office: Room 321 Bentley Annex Hall

Office Hours: 2:00 -3:00 on Tuesdays, 3:00-4:00 on Thursdays & by appointment. If office hours conflict with your schedule, please feel free to make an appointment outside the office hours.

Office Phone: 593-2035

Email: lskavyan@ohio.edu

Website: <http://oak.cats.ohiou.edu/~lskavyan/>
Please check the website regularly for class related information.

Textbook: *Modern Industrial Organization* by D. W. Carlton and J. M. Perloff, 4th ed., Pearson, Addison Wesley, 2005

Course Description

The first half will cover the basics of various market structures: competition, monopoly, oligopoly and monopolistic competition. The part on oligopoly (when there are only few firms in the industry) will discuss cartels and examine both cooperative and non cooperative behavior of market participants using simple game theory. The part on monopolistic competition will focus on product differentiation.

Additional topics include: examining strategic behavior where firms determine the best way to do battle with their rivals; discussing common pricing strategies such as price discrimination; addressing the problems that arise when consumers are not perfectly informed and when firms must advertise their products; discussing common business practices between manufacturers and distributors (vertical integration).

Course Requirements

In addition to assigned readings, you are also responsible for the material covered during the lectures, even if this material is not in the textbook.

I will assign homework sets throughout the course. You are encouraged to work in groups. However, each student should write and submit her/his own homework I will provide answers to these problem sets and, upon request, will discuss them during the classes and office hours.

Course grades will be based on homeworks and three exams (two mid-terms and one final).

Homeworks	10%
Mid-term exams (2)	30% each
Final exam	30%

I plan using a fixed scale in assigning grades:

A 94 and above	C 74 -76
A ⁻ 90 - 93	C ⁻ 70 -73
B ⁺ 87 - 89	D ⁺ 67 - 69
B 84 - 86	D 64 - 66
B ⁻ 80 - 83	D ⁻ 60 - 63
C ⁺ 77 - 79	F below 60

However, this might be revised if I determine that the exam is too hard or too easy.

Exam Schedule

First Mid-term	Tuesday, September 26 (in class)
Second Mid-term	Thursday, October 19 (in class)
Final	Friday, November 17, at 8:00 a.m.

Make-up Policy

No make-ups will be given. If you are unable to attend an exam (e.g., you have a verified illness or a special family circumstance), you should notify me or the departmental secretary *before* the exam in order to be excused. Then your grade will be based upon your performance on the other exams.

Academic Misconduct

Cheating on examinations, submitting work for other students as your own, or plagiarism in any form will result in penalties ranging from an F on the assignment to expulsion from the University, depending on the seriousness of the offense.

Syllabus

Note: The syllabus below is tentative.

<u>Topic</u>	<u>Chapter</u>
The Firm and Costs	2
Competition	3
Monopolies, Monopsonies and Dominant Firms	4
Cartels	5
Oligopoly	6
Product Differentiation and Monopolistic Competition	7
Industry Structure and Performance	8

Strategic Behavior	11
Price Discrimination	9
Non-Linear Pricing	10
Vertical Relations	12
Information and Advertising	13 & 14
Patents and Technological Change	16