

ECONOMICS 412
Fall 2016
INDUSTRIAL ORGANIZATION
Zaier Aouani

It should be noted that this course syllabus provides a general plan for the course and deviations may be necessary.

Class meetings: Tuesday (T), Thursday (R) 4:30 pm-5:45 pm, Room 308 Block 8

Office hours: Tuesday (T), Thursday (R) 3:00 pm-4:15 pm, Room #3, 407 Block 8

Course Webpage: <http://moodle.nu.edu.kz>

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Textbook: Dennis W. Carlton and Jeffrey M. Perloff, *Modern Industrial organization. 4th ed.* Pearson Addison Wesley Publishing. ISBN: 0-321-18023-2

Course Description and Objectives:

The purpose of this course is to introduce students to the study of how firms and markets function in market economies. In doing so, we analyze behavior under realistic and/or complex market conditions, including the presence of barriers to entry, economies of scale, externalities, imperfect market conditions, etc. This will allow us to analyze how and why firms use different organizational and pricing strategies, such as vertical integration, mergers, collusion, price discrimination, and advertising. We will also address policy issues (if we have time) including the rationale for government intervention into markets, different forms of intervention and the role of the antitrust laws.

Learning Outcomes: After taking this course students should be able to:

- (1) Identify different theories of the firm
- (2) Describe the different market structures under which firms operate.
- (3) Analyze how market structures impact the behavior of firms.
- (4) Identify and compare anti-competitive pricing strategies that firms adopt under various market structures.
- (5) Use the theoretical insights to explain observed features of particular markets and industries.
- (6) Apply game theory to understand the strategic behavior of firms in the market.
- (7) Determine the factors that influence the firm's decision-making over time.
- (8) Critically analyze the role of the government in regulating industries.

Important dates to remember:

Last day to withdraw and receive a grade of W: October 19, 2016

Midterm Exam – Thursday, October 6, 2016

Paper/Presentation due date (no late submissions) - Thursday/Tuesday November 17/22, 2016

Final Exam – Thursday November 24, 2016 (last lecture of the semester).

All exams will be given *only once*. If you decide to take this course, it is important that you are able to take the exams on the above dates.

Course Evaluation: Grading will be based on homework assignments, two midterms, a group project and a final examination (comprehensive) with the following weights:

In-Class Quizzes: 25%

Midterm Exam (1): 25% each

Group Paper/Presentation: 25%

Final Exam: 25%

A letter grade of the following: A, A-, B+, B, B-, C+, C, C-, D and F, will be assigned to you on the basis of your cumulative score.

Prerequisites: Intermediate microeconomics and intermediate macroeconomics.

Course Policies: Regular attendance is required. No late homework is accepted, no make-up exams are offered. Extenuating circumstances will be handled on an individual basis (absences, illness, emergencies, etc.).

A note on attendance policy: There will be unannounced pop-quizzes in class on an irregular basis. The quizzes will be held only at the beginning of the classes (first 5 to 10 minutes), and if you are late you will miss them. There will be no make-up quizzes, even if you have a valid reason for missing (or being late for) the class. While I understand that you may need to miss a class, notifying me ahead of time will not impact the quiz policy in any way.

A note on electronic devices: You are not allowed to use any electronic device (computers, laptops, netbooks, e-readers, iPads, cell phones -- text messaging or voice, beepers, pagers, e-readers, "iPhone-blackberry" type connections, recording devices, etc.) during the scheduled class period. Accessing the reading material in electronic format is not a valid excuse to use your electronic device during the class. The only exception for this policy is for emergency personnel that present to the instructor an authorization, sufficiently in advance that it can be verified, stating that the student is on emergency call for that class session, and the student may receive only one request to leave class to address an emergency on the electronic device. For all other cases, if you use an electronic device, or if your electronic device "goes off" during the class, you might be asked to leave that specific class and be treated as absent for the total class, thereby losing any credit earned in that class period.

Statement on Academic Honesty: Students are expected to abide by NU's policy on academic honesty, which is published in the student handbook.

If you have questions about academic honesty, please talk to me.

Course outline

TOPIC DESCRIPTION	READING	TOPIC #	HW #
Introduction, Basic Theory			
The field of industrial organization	Ch1	1	
Basic Theory	Ch2	2	1
Market structures			
Competition	Ch3	3	2
Monopolies, monopsonies, and dominant firms	Ch4	4	3
Cartels	Ch5	5	4
Oligopolies	Ch6	6	4
Monopolistic competition	Ch7	7	5
Industry structure and performance	Ch8	8	
Business practices: strategies and conduct			
Price discrimination	Ch9	9	5
Advanced topics in pricing	Ch10	10	6
Strategic behavior	Ch11	11	6
Vertical integration	Ch12	12	6
Information, advertising			
Information	Ch13	13	7
Advertising and disclosure	Ch14	14	7
Government policies			
International trade	Ch18	15	8