

## **ECON 4697-001 INDUSTRIAL ORGANIZATION & REGULATION**

Instructor: Associate Professor Scott Savage

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Office hours: MWF 12.03-1.03pm or by appointment

Class time and location: MWF 11-11.50am, ECON 117

Class website: *CULearn*, see <https://culearn.colorado.edu/>

Personal website: <http://www.colorado.edu/Economics/people/faculty/savage.html>

d introduces some basic game theoretic

concepts. Part II examines monopoly pricing and location decisions. Oligopoly behavior and empirical industrial organization methods are studied in Part III, while Part IV examines product differentiation.

### **Objectives**

Use the economic tools learned in *ECON 3070 Intermediate Microeconomic Theory* to understand the economics of firms and markets, and optimal decision making by firms

### **Class requirements**

The class meets Monday, Wednesday and Friday from 11 to 11.50am. Although there is no grade for attendance, attendance and class participation will be duly noted. A sign-in sheet will be circulated during each class, and it is your responsibility to make sure that you have signed in by the end of class.

Please be aware that the critical thinking required for successful completion of this course may not come naturally for many students. Class exposure to model building, group exercises, applied problems and solutions is the best way to become proficient in the application of microeconomic theory and the way economists think and solve problems.

Feel free to form study groups to review and discuss lecture/reading material, homework assignments etc., but you must submit individual work for grading (note: if you work with a study group or individual class mates on assignments, please list the names of these persons on the front page of your submitted assignment).

Students should:

- (a) attend three 50 minute classes per week;
- (b) review and augment notes after lectures;
- (c) complete (a minimum of 4 out of 5) homework assignments;
- (d) complete two mid-term examinations; and
- (e) complete one final examination

Students are expected to be punctual, polite and prepared to engage in discussion with the instructor and class mates. See <http://colorado.edu/policies/classbehavior.html> for University of Colorado policies on student classroom and course-related behavior

### **Grading**

There will be five homework assignments (with the lowest score dropped from the overall grade), two mid-term examinations and one final examination. The weightings for these assessments are:

Homework assignments	(4 u 7.5 %)	30 %
Mid-term exam	(2 u 20 %)	40 %
Final exam	(1 u 30 %)	30 %

Homework questions will consist of short-answer and problem solving questions that require students to use diagrammatic, mathematical and written skills to prove their answers (i.e., please provide an appropriate method and/or logical steps to prove your answer). The presentation of your homework solutions will count in your assignment grade. Please take the time to clearly and neatly write out mathematical and graphical answers. Basic requirements for presentation include: name on first page; staple pages; place page numbers on each page; clearly title and label any graphs, tables, etc.; and ensure mathematical notation is clearly legible and readable. An electronic word document helps to ensure neat presentation, but it is not necessary.





**Table 1. Proposed course outline**

Week	Date	Topic
1.	Jan 10 Jan 12, 14	<b>Part I. Review</b> - Introduction - What is Industrial Organization (IO)?
2.	Jan 17 Jan 19, 21	- <i>No class: Martin Luther King Day</i> - What is Industrial Organization (IO)?
3.	Jan 24, 26 Jan 28	- Principles of microeconomics - The firm
4.	Jan 31, Feb 2, 4	- Game theory
5.	Feb 7, 9 Feb 11	<b>Part II. Monopoly</b> - Monopoly pricing - Regulation
6.	Feb 14 Feb 16, 18	- Regulation - Product positioning
7.	Feb 21 Feb 23, 25	- <i>Mid-term exam I</i> - Product positioning
8.	Feb 28, Mar 2, 4	- Price discrimination, non-linear pricing
9.	Mar 7, 9, 11	- Versioning, tie-in sales
10.	Mar 14, 16, 18	<b>Part III. Oligopoly</b> - Price Competition
11.	Mar 21, 23, 25	- <i>No classes: Spring break</i>
12.	Mar 28, 30 Apr 1	- Quantity competition - <i>Mid-term exam II</i>