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## Course Description

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studies how the firm behaves in markets where the assumptions of perfect competition do not hold. Topics include price, quantity and quality and how public policies used to promote competitive outcomes and control market power. The course comprises four parts. Part I introduces industrial organization and reviews some basic game theoretic concepts. Part II examines monopoly pricing and location decisions. Oligopoly behavior is studied in Part III. Part IV examines product differentiation and some of the empirical methods used to study industrial organization questions.

## Objectives

Use the economic tools learned in *ECON 3070* *MIT*

to understand the economics of firms and markets, and optimal decision making by firms and policymakers under conditions of imperfectly competitive markets.

Become comfortable using algebra, calculus and diagrams to model different kinds of firm interactions.

Continue to develop critical thinking, oral and written communication skills in class room participation, homework questions and examinations.

## Prerequisites

Available to students who have completed *ECON 3070* *MIT*

*MIT*. Students should be familiar with microeconomic principles, algebra, calculus, optimization techniques and statistics covered in prerequisite classes.

## Texts

The textbook is *MIT* by Lis Cabral, 2000, MIT Press, ISBN # 9 780262 032865 (used copies are fine). Your textbook from *ECON 3070*

*MIT* will prove extremely useful for raising several of the introductory topics (e.g., *MIT*, by David Besanko and Ronald

Braeutgam, *MIT*, by Hal Varian).

## Classroom

The class meets Tuesday and Thursday from 2 to 3.15pm. Although there is no grade for attendance, attendance and class participation will be monitored. A sign-in sheet will be

circled 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 how 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 in a study group or individual class meets on assignments, please list the names of these persons on the front page of your submitted assignment).

Students should:

- (a) attend to 75 minute classes per week;
- (b) review and augment notes after lectures;
- (c) complete (a minimum of 4 out of 5) homework assignments;
- (d) complete one mid-term examination; and
- (e) complete one final examination

Students are expected to be punctual, polite and prepared to engage in discussion in the instructor and class meets. See

Homework must be submitted before the beginning of the class lecture (i.e., within the first five minutes) on the due date. Late submissions will incur a 25 percent penalty. No homework will be accepted after the class on the due date.

The mid-term and final examinations will consist of short-answer and problem solving questions similar to homework questions and class applications. You will need a basic non-programmable calculator to perform calculations during the exams.

There will be no make-up homework assignments or mid-term examination unless there is a proven emergency or other unusual circumstances that have been discussed with the instructor prior to submission/completion dates. If you are aware of any problems that may hinder your performance in the class please discuss with the instructor sooner than later. Any student that misses the mid-term examinations due to a proven emergency or other circumstances may have their final exam weighed in instructor approval.

The final examination is scheduled for December 15, 4.30-7pm. See [http://registrar.colorado.edu/calendar/exam\\_sched\\_fall12.html](http://registrar.colorado.edu/calendar/exam_sched_fall12.html).

Important dates for assessment

Sep 20	Homework 1
Oct 4	Homework 2
Oct 16	Mid-term examination



