

University of Colorado
Department of Economics

ECON 4697: Industrial Organization and Regulation
Spring 2010

Course Description

This is a course in industrial organization, the study of firms in markets. Industrial organization focuses on firm behavior in imperfectly competitive markets, which are far more common than the perfectly competitive markets that were the focus of the basic microeconomics courses. Industrial Organization analyzes the acquisition and use of market power by firms, strategic interactions among firms, welfare implications and the role of government competition policy. We will approach this subject from both a theoretical and an applied perspectives. The field of industrial organization requires a thorough understanding of both theory and empirical work, so as much empirical evidence as possible will be included in this course although focus will be on theory.

Instructor: Professor Håle Utar

The final grade will be given as follows:

- Midterm Examination I, 20%
- Midterm Examination II, 20%
- Homework Assignments, 20%
- Final Exam, 40%

Homework Policy

I will give regular homework assignments. You can work together with your classmates on the homework questions, but they must be written separately. Only two of the homework assignments will be graded. However you will not know before you submit your assignment if that particular assignment will be graded or not.

Exam Policy

There will be two midterm examinations and one final exam. Each problem in the exams will be graded. No show at the midterm with no valid excuse according to university policy will be graded zero. There will not be any make-up exam. If you miss an exam with a valid excuse then the final exam will weigh 55% towards your final grade.

Communication Policy

Methods of Communication

Tentative Schedule

Basic Microeconomic Theory

The Firm and Its Costs

Perfect Competition

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- { Iterated Elimination of Strictly Dominated Strategies
- { Nash Equilibrium
- { Extensive Representation of Games
- { Subgame Perfect Nash Equilibrium
- { Repeated Games

Oligopoly Theory

Markets for Homogeneous Products

- { The Cournot Model
- { The Stackelberg Model
- { The Bertrand Model
- { Collusion
- { Application of Cournot Model in International Trade

Midterm II

Markets for Differentiated Products

- { Location Models
- { Monopolistic Competition in Differentiated Products with a Representative Agent

Technological Change and Research and Development

- { Schumpeter and the Process of "Creative Destruction"
- { The Relationship Between Market Structure, Firm Size and Technological Advance
- { The Economics of Patent System

Regulation and Deregulation (if time permits)

- { X-Inefficiency
- { Deregulation in Telecommunication
- { Privatization and Productivity
- { Trade Liberalization and Productivity

Final

Academic Integrity

All students of the University of Colorado at Boulder are responsible for knowing and adhering to the academic integrity policy of this institution. Violations of this policy may include: cheating, plagiarism, aid of academic dishonesty, fabrication, lying, bribery, and threatening behavior. All incidents of academic misconduct shall be reported to the Honor Code Council (honor@colorado.edu; 303 725 2273). Students who are found to be in violation of the academic integrity policy will be subject to both aca-

Classroom Behavior

Students and faculty each have responsibility for maintaining an appropriate learning environment. Students who fail to adhere to such behavioral standards may be subject to discipline. Faculty have the professional responsibility to treat all students with understanding, dignity and respect, to guide classroom discussion and to set reasonable limits on the manner in which they and their students express opinions. Professional courtesy and sensitivity are especially important with respect to individuals and topics dealing with differences of race, culture, religion, politics, sexual orientation, gender, gender variance, and nationalities. Class rosters are provided to the instructor with the student's legal name. I will gladly honor your request to address you by an alternate name or gender pronoun. Please advise me of this preference early in the semester so that I may make appropriate changes to my records. See policies at <http://www.colorado.edu/policies/classbehavior.html> and at <http://www.colorado.edu/studentaffairs/judicialaffairs/code.html> student-code