

M, W, 15.10-16p.m
F14.10-15pm
HULB 23

Instructors: Ana Espinola (Hulbert 111C, anaespinola@wsu.edu) and John Strandholm (Hulbert 213, j.strandholm@wsu.edu)

Office hours: Tuesday 11:00am-12:00pm, or by appointment.

TA: Hao Li (haoli.li@wsu.edu), **Office hours:**

Class webpage: <http://www.ses.wsu.edu/People/Faculty/Espinola/teaching.htm>

Prerequisite: EconS 301;

Learning Goals and Outcomes:

Learning goals. Industrial organization is the study of industry and firm behavior. Using the basic tools of microeconomic theory and game theory, this course explores the relationships among firms in an industry or across industries by examining the nature of strategic interaction among firms. We will study theoretical models and empirical evidence for a wide variety of market phenomena such as price wars, patent races, price-fixing conspiracies, mergers, and advertising campaigns. We focus attention on the structure and performance of markets that are imperfectly competitive. For this purpose we employ game theoretic models to discuss recent articles covering the following issues: 1) entry deterrence strategies and barriers to entry; 2) price and non-price competition; 3) vertical control; 4) market segmentation and price discrimination; 5) market equilibria with incomplete information.

Learning Outcomes. The student will demonstrate the ability to think critically and to use appropriate concepts to analyze qualitatively problems or situations involving firms' strategic behavior. In addition, the student will demonstrate the ability to use appropriate mathematical techniques and concepts to obtain quantitative solutions to problems in industrial organization, such as investment in advertising, R&D, the development of a new product, etc.

Texts and Assigned Readings:

- Industrial Organization. Theory and Applications. Oz Shy (1995). The MIT Press.
- Other readings will be assigned in class. They are located (as pdf files) in the 'Assigned Readings' section of the class webpage.

Assignments and Evaluation:

Two midterms and a final exam will count 30% and 30% respectively in determining the course grade. Both exams will contain a combination of multiple choice and essay type questions. The final will cover the whole course, but material not covered on the midterm will receive a heavier weight. The average of the best five of six quiz scores will count 20%. Four homeworks will be assigned during the semester. Late assignments will be marked down 25% for each week-day late up to 100%; no assignments will be accepted after the last week of classes. Midterm and final makeup's are possible only if reasons beyond the student's control can be verified. Please note that all items in this syllabus are subject to change at the discretion of the professor.

Assignments	Number	Percentage
Midterm	2	15% (each)
Final	1	30%
Quiz	6	20%
Homework	5	20%
Total		100%

Grading Scale:

A	95-100	C-	50-54
A-	85-94	D+	45-49
B+	80-84	D	40-44
B	70-79	F	0-39
B-	65-70		
C+	60-64		
C	55-59		

Tentative Class Calendar and Topics:

Date	Topic	Homework Assignment	Quiz
January 11 th	Introduction		
January 11 th	Basic Concepts in Noncooperative Game Theory		
January 13 st	Continue		
January 15 th	Technology, Production Cost and Demand	Homework 1 (due 01/29)	
January 18 th	Martin Luther King Jr Day -- ALL UNIVERSITY HOLIDAY		
January 20 th	Continue		
January 22 nd	Perfect Competition		
January 25 th	The Monopoly		#1
January 27 th	Continue		
January 29 th	Market for Homogeneous Products		
February 1 st	Continue	Homework 2 (due 02/08)	
February 3 rd	Continue		#2
February 5 th	Review Session		
February 8 th	Midterm #1		
February 10 th	Market for Differentiated Products		
February 11 th	continue		
February 15 th	President's Day--CLASS HOLIDAY		
February 17 th	Concentration, Mergers, and Entry Barriers	Homework 3 (due 03/11)	
February 19 th	Continue		
February 22 nd	Research and Development		
February 26 th	Continue		
February 29 th	Continue		
March 2 nd	The Economics of Compatibility and Standards		#3
March 4 th	Continue		
March 7 ^h	Continue		
March 9 th	Advertising		
March 11 th	continue		

March 14 th – 18 th	Spring Break		
March 21 st	Quality Durability and Warranties	Homework 4 (due 04/01)	
March 23 rd	continue		#4
March 25 th	Review Session		
March 28 th	Midterm #2		
March 30 th	Pricing Tactics	Homework 5 (due 04/29)	
April 1 st	continue		
April 4 th	continue		
April 6 th	Market Tactics		#5
April 8 th	continue		
April 11 th	continue		
April 13 th	The Role of information		
April 15 th	continue		
April 18 th	continue		#6
April 20 th	continue		
April 22 nd	continue		
April 25 th	Review Session		
May 3	Final [3.10pm-5.10pm]		

Disability Resource Accommodation:

Reasonable accommodations are available for students who have a documented disability. Please notify the instructor the first week of class of any accommodations needed for the course. Late notification may cause the requested accommodations to not be available. All accommodations must be approved through the Disability Resource Center (DRC) in Administration Annex 205, 335-1566, <http://www.drc.wsu.edu/>

Academic Honesty:

WAC 504-25-015. Academic dishonesty, such as cheating, plagiarism, fabrication, and fraud, is prohibited. See <http://www.conduct.wsu.edu/default.asp?PageID=343> for more information and specific definitions of academic dishonesty.

As an institution of higher education, Washington State University is committed to principles of truth and academic honesty. All members of the University community share the responsibility for maintaining and supporting these principles. When a student enrolls in Washington State University, the student assumes an obligation to pursue academic endeavors in a manner consistent with the standards of academic integrity adopted by the University. To maintain the academic integrity of the community, the University cannot tolerate acts of academic dishonesty including any forms of cheating, plagiarism, or fabrication. Washington State University reserves the right and the power to discipline or to exclude students who engage in academic dishonesty. To that end, the University has established the following rules defining prohibited academic dishonesty and the process followed when such behavior is alleged. These rules incorporate Washington State University’s Academic Integrity Policy, the University-wide document establishing policies and procedures to foster academic integrity. This policy is applicable to undergraduate and graduate students alike, as it pertains to dishonesty in course work and related academic pursuits. In cases of dishonesty in research and original scholarship, the University’s Policy and

Procedural Guidelines for Misconduct in Research and Scholarship may take precedence over the policies and procedures contained herein.

Academic dishonesty includes cheating, plagiarism, and fabrication in the process of completing academic work. These standards should be interpreted by students as general notice of prohibited conduct. They should be read broadly, and are not designed to define misconduct in exhaustive forms.

Campus Safety Plan

Can be found at <http://safetyplan.wsu.edu> and <http://oem.wsu.edu/emergencies>, contains a comprehensive listing of university policies, statistics and information related to campus safety, emergency management and the health and welfare of the campus community.

Disclaimer: This syllabus is subject to change to facilitate instructional and/or student needs.