

# UNIVERSITY OF OREGON

## DEPARTMENT OF ECONOMICS

**Theory of Industrial Organization (Econ 460/560)**

**Winter 2009**

**Contact:** Dr. Glen Waddell, PLC 509, 34-61259, email: waddell@uoregon.edu.

**Class Web page:** [www.uoregon.edu/~waddell/460](http://www.uoregon.edu/~waddell/460)

**Lecture:** Tuesday and Thursday, 200p – 320p, Deady 208.

**TA/Grader:** Consult webpage for current information.

**Course Objectives:** In a class such as this we are concerned with the microeconomic behavior of firms in the face of technology constraints, the nature of consumer demand, and interactions with other firms. After reviewing and refining our understanding of the nature of production and firms' costs, perfect competition, and monopoly, we will then turn to more advanced topics; oligopoly, product differentiation, monopolistic competition, antitrust regulation, game theory. By the end of the course, you should have a better understanding and appreciation for the variety of factors that explain why firms and markets behave as they do. Thus, it should provide you with a solid background for future graduate work in industrial organization or future business conquests. If nothing else, you should be more interesting to talk to at parties.

**Textbook:** The text for the class is *Modern Industrial Organization* by Carlton and Perloff. We will use elementary calculus in this class so the ability to consult an introductory calculus text will be of some value. As usual, your intermediate micro (EC311) text is also an obvious source of information to which I am likely to direct you. Another IO book you might consider finding in the library for supplemental reading is *Industrial Organization: Theory and Practice* by Waldman and Jensen.

**Office Hours:** Consult webpage for current information. You should also feel free to make appointments outside of these times.

**Grading Policy:** Grades will be based on assignments and quizzes, a midterm exam and a final exam. The final will be comprehensive. The weights are as follows:

55%	Assignments/Quizzes/Tests	
20%	Midterm Exam	Thursday of week 6
25%	Final Exam	Consult university calendar

No makeup exams will be given for any reason. If you cannot make one of the above examination periods you should drop the class. In the unforeseen event that a midterm is missed due to *serious* injury or illness, or a death in the family, a typewritten petition fully explaining and documenting why the exam is missed must be submitted *within 3 days* of the exam. If the petition is approved, then the weight of the missed exam will be added to the original weight of the final exam. The alternative is to have a score of zero points for the missed exam. Those students taking this course pass/fail must earn a "C-" in the course in order to receive a passing grade. A necessary but not

sufficient condition for requesting a grade of “Incomplete” is a “B-” on all completed tasks. Any requests for re-grading of an exam must be submitted in writing within *three days* of when the exam is handed back. A re-grading request should include an argument for why you feel your answer was correct. I reserve the right to re-grade the entire question when a request to re-grade part of a question is made.

Being registered in **Economics 560** leaves you with one additional responsibility for the term. You will submit a paper. The paper will comprise 10 percent of your grade. Please schedule an appointment with me by the end of the second week to discuss the requirements and to agree on a paper topic. The paper will be due at the time of the written final in the class.

40%	Assignments/Quizzes/Tests	
20%	Midterm Exam	Thursday, week 6 (in class)
10%	Paper	Due: Tuesday, week 9 (in class)
30%	Final Exam	Consult university calendar

### Reading List:

As the text for this course was chosen based on its content, the assigned readings will follow the book quite closely.

Week 0	An Overview: What is IO?	C&P: Chapter 1
Week 1 & 2	The Firm and Concepts of Cost* Competition* Monopoly*	C&P: Chapters 2-4
Week 3 & 4	Cooperative Oligopolies Cooperative Strategic Behaviour	C&P: Chapter 5; Chapter 11, 379-386.
Weeks 5 & 6	Noncooperative Oligopoly Market Structure	C&P: Chapter 6; Chapter 8, 254- 258.
Week 7 & 8	Product Differentiation and Monopolistic Competition	C&P: Chapter 7
Week 9	Price Discrimination Nonlinear pricing	C&P: Chapter 9; Chapter 10, 213-319.
Week 10	Consumer Information	C&P: Chapter 13
Final	Consult official University examination schedule.	

- Given prerequisite courses, it is assumed that most of this will be review. Note also that prerequisites will be strictly enforced.