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Economics 11
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Course Canvas site

Economics 4697-001
Industrial Organization & Regulation
MWF, 12:00-12:50
ECON 119
Office Hours: MW 3:00-4:00

Course Description:

Industrial organization is the study of competition and monopoly power and how they affect efficiency and innovation that occur in markets. 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. The central issue concerns firms' choice of price, quantity, and quality in markets where the assumptions behind perfect competition do not hold. Topics to be covered include: monopoly pricing, collusion and cartels, oligopoly behavior, product differentiation, price discrimination, firm entry and barriers to entry and mergers. We will also consider public policies that affect the structure of markets and the behavior of firms,

Problem sets, each composed of 3-4 problems will be posted on the class web page and it's due at the beginning of the class a week after being posted. Collaboration on assignments is allowed and encouraged, but final solutions must be written independently. Each student should participate fully in solving each problem and understand the answer. This is the preparation for the exams and at the same time it is meant for you to identify which concepts from the lecture is not clear to you.

A group of 6-7 students will give a half-hour presentation of the case study that you selected at the beginning of the semester. You are required to use some means of visual aids (i.e. PowerPoint slides). This will contribute to 10% of your final grade.

Cheating and plagiarism will not be tolerated. They are immediate grounds for failing the class and will be reported to the dean. All incidents of academic misconduct will be reported to the Honor Code Council.

Textbook, Case Studies, and Supplemental Materials:

1. Required textbook: *Introduction to Industrial Organization* by Luis Cabral. 2nd Edition.
2. Harvard Business Review case studies can be purchased through links posted on the course Canvas site.
3. Supplemental readings: other relevant articles and references will be posted on the course Canvas site as well.

{ If you require special accommodation because of disability, please submit a letter from Disability Services in a timely manner (at least two weeks before the exams or other due dates). Disability Services determines accommodations based on documented disabilities. You may contact Disability Services at 303-492-8671 or b email at dsinfo@colorado.edu If you have a temporary medical condition or injury, see Temporary Injuries for guidelines and discuss your needs with your professor.

Topics to be covers:

- Unit 1: Introduction to Industrial Organization (Ch. 1)
- Unit 2: Review of Microeconomic tools (Ch. 2)
- Unit 3: Basic Pricing (Ch. 3.2)
- Unit 4: Price Discrimination (Ch. 6)
- Unit 5: Demand Estimation (Ch. 2.2 & 2.3)
- Case Study I: Pricing Strategy
- Unit 6: Introduction to Game Theory (Ch. 7.1)
- Case Study II: Pricing Game: Playstation vs Xbox
- Unit 7: Imperfect (oligopolistic) Competition (Ch. 8)
- Case Study III: Microsoft Antitrust Case
- Unit 8: Collusion and Cartels (Ch. 7.3 & 9)
- Case Study IV: The Diamond Cartel
- Unit 9: Entry and Market Structure (Ch. 10)
- Unit 10: Mergers and Merger Policy (Ch. 11)
- Case Study V: American Airlines and US Airway merger
- Unit 11: Market Foreclosure (Ch. 7.2 & 12)



"Education is the most powerful weapon which you can use to change the world."

/ Nelson Mandela