Industrial Organization Theory

Office: 248 Holden Hall
Office Hours 11:00 - 11:50 am MW and by appointment
Phone: 742-2466 ext. 231
Course Web Site: http://myweb.ttu.edu/kbecker/ECO5347/ECO5347%20Home.htm

Course Requirements

There will be required Problem Sets (minimum of 5, maximum of 10) which cover the material presented in class. The course grade will reflect a student’s performance on these problem sets as well as the performance on the Midterm Exam and the Final Exam.

Grading: Your course grade is determined as follows

\[ X = \max \{0.2Y_1 + 0.35Y_2 + 0.45Y_3, 0.35Y_2 + 0.65Y_3, Y_3 \} \]

where: \[Y_1 = \text{score on the problem sets}\]
\[Y_2 = \text{score on the midterm}\]
\[Y_3 = \text{score on the final}\]

Note: The Final Exam is scheduled for Saturday, May 11, 10:30 am – 1:00 pm

Students with Disability:

Any student who, because of a disability, may require special arrangements in order to meet the course requirements should contact the instructor as soon as possible to make any necessary arrangements. Students should present appropriate verification from Student Disability Services during the instructor’s office hours. Please note instructors are not allowed to provide classroom accommodations to a student until appropriate verification from Student Disability Services has been provided. For additional information, you may contact the Student Disability Services office in 335 West Hall or 806-742-2405
Course Outline - Topics

I  Introduction
I.1 Why Should One Be Interested In Industrial Organization?
I.2 Schools Of Thought and Methodology
I.3 Technology, Production, and Cost
I.4 Partial Equilibrium, Downward-Sloping Demand, Consumer Surplus and Welfare Criteria

II Market Structures and Organizations I: Perfect Competition vs. Monopoly
II.1 Perfect Competition
II.2 Monopoly
   Price Discrimination
   Durable-Goods Monopoly
   Cartel and Multi-plant Monopoly

III Market Structures and Organization II: Strategic Interaction
III.1 Market for Homogeneous Products
   Cournot
   Bertrand
   Tacit Collusion
III.2 Product Differentiation: Price Competition and Non-Price Competition
   Spatial Competition
   Monopolistic Competition
III.3 Entry, Accommodation, and Exit
   Concentration Measures
   Entry Barriers and Entry Deterrence
   Natural Monopoly and Contestability

IV Selected Topics
IV.1 Competition with Asymmetric Information
IV.2 Advertising
IV.3 Vertical Restraints: Bundling, Upgrading, Dealerships
IV.4 R&D and the Adoption of New Technologies
IV.5 Pricing: Two-Part Tariff and Peak Load Pricing
Suggested Readings

Very good survey articles of all of the topics to be covered in class can be found in the following reference books:


The following textbooks provide a more detailed discussion of some of the topics:


The following web-site contains a number of “useful” IO links:
http://www.luiscabral.org/iio/links/
**Academic Integrity:**

It is the aim of the faculty of Texas Tech University to foster a spirit of complete honesty and high standard of integrity. Complete honesty is required of students in the preparation and presentations of any and all phases of course work, as their own. This applies to quizzes of whatever length as well as to final examinations, daily reports, term papers, or any other homework or completed assignment. The attempt of students to present as their own any work not honestly performed is regarded by the faculty and administration as a most serious offense and renders the offenders liable to serious consequences, possibly suspension.

“Scholastic dishonesty” includes, but it not limited to, cheating, plagiarism, collusion, falsifying academic records, misrepresenting facts, and any act designed to give unfair academic advantage to the student (such as, but not limited to, submission of essentially the same written assignment for two courses without the prior permission of the instructor) or the attempt to commit such an act.

http://www.depts.ttu.edu/studentjudicialprograms/academicinteg.php

http://www.depts.ttu.edu/studentjudicialprograms/AcademicIntegrity.pdf

**Civility in the Classroom:**

“Students are expected to assist in maintaining a classroom environment that is conducive to learning. In order to assure that all students have the opportunity to gain from time spent in class, unless otherwise approved by the instructor; students are prohibited from engaging in any other form of distraction. Inappropriate behavior in the classroom shall result, minimally, in a request to leave class.”

Examples of inappropriate behavior include cellular phones and beepers, hostile or excessively aggressive behavior towards other students or the instructor, excessive tardiness, leaving class early, making offensive remarks, prolonged chattering, reading newspapers during class, sleeping, talking out of turn, arriving late to class, dominating discussions, overt inattentiveness, etc.

http://www.depts.ttu.edu/studentjudicialprograms/AcademicIntegrity.pdf