

ECON 5107: Industrial Organization and Firm Strategy

Junrok Park

Fall 2022

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Office Hours: Wed 4:30-5:30 PM

Office: TBA

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Class Hours: Wed 1:20-4:20 PM

Class Room: Social Science 402

Course Description

This is an advanced undergraduate course in Industrial Organization (IO). IO focuses on the decisions and interactions of firms (and to some extent, consumers and governments) within narrowly defined markets. We begin with the neoclassical model of perfectly competitive firms. Next, we consider others forms of competition (monopoly, cartel, oligopoly, and differentiated product firms). In this part of the course, we use game theory, which recasts economic interactions as “games” and examines the strategic behavior of firms. Next, we consider firm pricing strategies, such as price discrimination and bundling. As time permits, we will study other topics, such as information, advertising, organization of the firm, durable goods, patents, and auctions.

Required Materials

- (CP) Modern Industrial Organization, Carlton & Perloff
- (T) The Theory of Industrial Organization, Tirole

Prerequisites

Students are expected to have taken an introductory course in Microeconomics (ECON 2018 & 2019). They will need to be familiar with (constrained) optimization, models of perfect competition, and monopoly, for example.

Course Requirements and Grading

Grades will be based on four problem sets (30%), midterm (30%), and the final exam (40%).

Schedule

The schedule is tentative and subject to change.

Week 01, 09/05 - 09/09: Introduction: The Firm and Costs (CP Ch 1)

Week 02, 09/12 - 09/16: Microeconomics Review (CP Ch 3 and 4)

Week 03, 09/19 - 09/23: Game Theory

Week 04, 09/26 - 09/30: Oligopoly (CP Ch 6)

Week 05, 10/03 - 10/07: Product Differentiation and Monopolistic Competition (CP Ch 7)

Week 06, 10/10 - 10/14: Cartel (CP Ch 5)

Week 07, 10/17 - 10/21: Industry Structure and Performance (CP Ch 8)

Week 08, 10/24 - 10/28: **Midterm**

Week 09, 10/31 - 11/04: Price Discrimination (CP Ch 9)

Week 10, 11/07 - 11/11: Advanced Topics in Pricing (CP Ch 10)

Week 11, 11/14 - 11/18: Vertical Integration and Vertical Restrictions (CP Ch 12)

Week 12, 11/21 - 11/25: Durable Goods (CP Ch 15)

Week 13, 11/28 - 12/02: Patents (CP Ch 16)

Week 14, 12/05 - 12/09: Information (CP Ch 13)

Week 15, 12/12 - 12/16: Advertising and Disclosure (CP Ch 14)

Week 16, 12/19 - 12/23: **Final Exam**