

ECON 4697-001: Industrial Organization

Fall 2006

Professor Yongmin Chen

Office: Econ 112

Tel. (303) 492-8736

Class Time: 2:00-2:50 PM on MWF

Classroom: ECON 119

Office Hours: 1:00-2:00 PM on Wednesdays and Fridays

Website: <http://spot.colorado.edu/~cheny/>

Industrial organization studies the functioning of markets. It is concerned with business behavior and strategy, as well as their implications for economic efficiency. It also studies the role of public policies in promoting efficiency. The topics that we intend to cover are listed below in the course schedule. The textbook is *Industrial Organization: Contemporary Theory and Practice* by Peppall, Richards, and Norman. I will indicate the required readings below and in my lectures.

Prerequisites & Grading: Students must have successfully completed ECON 3070, Intermediate Microeconomics, before taking this course. Grades are based on homework and class participation (10%), two midterm exams (50%), and a final exam (40%). You are encouraged to form study groups to discuss homework and lecture materials.

The course materials are arranged by topics (the topics are listed below), and each topic is usually covered over several classes. When homework is assigned for a topic, it is usually due at the beginning of the first class for the next topic. You can start working on problems in an assignment before I have finished the topic.

A tentative course schedule is attached (the chapter and page numbers refer to those in the textbook). There can be changes to this schedule during the semester, which will be announced in classes. It is your responsibility to update your information about the course according to announcements made in classes.

Course Schedule:

--Prices for multiple products
--Group-pricing
--Nonlinear pricing
--Dynamic pricing
--Bundling and Tie-in sales

- Readings: Ch. 5, Ch. 6, Ch. 8
- HW 3. p. 109: #1, 2, 3; p. 131-

9. Horizontal Mergers

- Merger analysis in the Cournot model
- Merger and Cost savings
- The merged firms as Stackelberg leaders
- Horizontal merger and price competition
- Public policy toward horizontal mergers

- Readings: Ch. 16
- HW 8. p. 416-417: # 1, 2, 3, 4

Midterm Exam 2

10. Vertical Mergers

- The foreclosure theory
- Efficiency arguments
- Post-Chicago Approach
- Public policy toward vertical mergers

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