**INDUSTRIAL ORGANIZATION SYLLABUS**

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| **Course Information** | | | | | | | | | | |
| Course |  | **ECON 345: Industrial Organization** | | | | | | | | |
| Semester/Year |  | **SPRING 2014** | | |  |  | |  | | |
| Section | | | Registration # | Days/Time | | | Location | |  |  |
| **1** | | | **16354** | **MW 3:35-4:50** | | | **ZSH 105** | |  |  |

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| **Instructor Information** | | | | | | | | | | | |
| Instructor | | |  | Philip Heap | | | | | | | |
| Office | | |  | ZSH 445 | |  |  | |  | | |
| Office Hours | | |  | Tuesday, Wednesday: 12:00-2:30 and by appointment | | | | | | | |
| Phone | | |  | Office: (540)568-3031, Home:(540)442-8881 (do not call between 9:00pm-6:00am) | | | | | | | |
| E-Mail | | |  | [heapps@jmu.edu](mailto:heapps@jmu.edu) | | Web Site | |  | | <http://cob.jmu.edu/heapps> | |
| **Course Description** | | | | | | | | | | | |
| Industrial organization studies how industries and firms are organized, and the way in which their strategic relationships lead firms to behave differently in markets that are not perfectly competitive. Topics to be covered include: monopoly pricing, collusion and cartels, oligopoly behavior, product differentiation, price discrimination, barriers to entry, vertical and horizontal integration, and public policies that affect the structure of markets and the behavior of firms. | | | | | | | | | | | |
| **Requirements and Policies** | | | | | | | | | | | |
| *Prereqs.* | | The prerequisites for this class are Principles of Microeconomics and Principles of Macroeconomics. If you took the microeconomics class some time ago, you should plan to spend some time reviewing micro principles. | | | | | | | | | |
| *Textbooks* | | 1. Cabral, L. *Introduction to*  *Industrial Organization: Theory and Practice*. MIT Press.  2. Brock, J. *The Structure of American Industry*. Waveland Press.  3. I will post additional readings on the website for this course. | | | | | | | | | |
| *Grading* | | Midterm exam | | | 100 points | | | | Wed, March 5 | | |
|  | | Final exam | | | 100 points | | | | Fri, May 2, 1:00-3:00 \* | | |
|  | | Quizzes | | | 100 points | | | | Given when I feel like it. | | |
|  | | 2 Application Papers | | | 100 points | | | | Mon, March 17, Fri May 2 | | |
|  | | Participation | | | 100 points | | | | Every day | | |
|  | | Total | | | 500 points | | | |  | | |
|  | | Your grade in the course will follow the standard scale: ≥ 90% = A, ≥ 80% = B, ≥70% C, etc. If there is an adjustment to the scale, it will be in your favor. For example, the cutoff for an A may fall to 87. Under no circumstances will extra credit assignments or makeup points be offered because of poor performance on an exam or quiz. | | | | | | | | | |
|  | | \* This is the official date set by JMU administrators, who decided to start final exams on a Friday so they could hold graduation ceremonies on two days. Since this will not give you enough time to study for my final we will use this day for additional lecture/wrap up, and have a take-home final. | | | | | | | | | |
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| *Exams* | | Both the midterm and final exam will contain a mix of short answer questions, problem solving, and graphical analysis questions. | | | | | | | | | |
| *Quizzes* | | I will give 8 in-classes quizzes, but only the best 5 scores will count towards your course grade. Each quiz will contain three or four short-answer questions/problems, and may cover material from the previous two lectures and/or assigned reading for that day. I do not announce quizzes ahead of time. I also have no reservations about giving a quiz on the first day of class. Since you are able to drop 3 quizzes, I do not offer makeups. | | | | | | | | | |
| *Participation* | | As much as possible, I will teach this course Socratically – a question and answer format. I may ask you questions from the assigned reading, ask you to come up to the board to present your answer to a homework problem, or come up to the board to present some other problem. You will all start with 75 participation points. Your points may go either up or down depending on your performance. You should come to class since you cannot participate if you are not in class. | | | | | | | | | |
| *Homework* | | Each week I will give you some homework problems to complete. Although I will not grade these problems, I may ask students to present their answer(s) in front of the class, so not completing the problems will reduce your participation points. | | | | | | | | | |
| *Application Papers* | | You will write two short papers applying the theoretical models discussed in class and the Cabral textbook to two of the industry studies in the Brock textbook. Write the paper as if you are writing up a case study for your own textbook. Technical details are as follows:  i. The paper should be 3-4 pages long, not including any diagrams/charts etc. you may use, but include tables, charts, graphs within the main body of the paper.  ii.Use Times New Roman 12-point font, double spaced, one inch margins.  iii. Number all pages except the cover page.  iv. Do not cut and paste tables, graphs from sources, amd throw them in your paper. Create your own. | | | | | | | | | |
| *Classroom Behavior* | | 1. Come to class on time. If you come late to class, you will have to sing “I’m a Little Teapot” for the class.  2. Turn off your cell phone and do not use it during class. If I hear or see your cell phone I will penalize you 5% of your grade in the course.  3. You may not use computers, IPads, or any other electronic decide during lectures. | | | | | | | | | |
| *Attendance*  *& Participation* | | There is no formal attendance policy for this course, however, attendance is strongly encouraged since participation is required as part of your grade. If you miss a class, you are responsible for getting any notes you missed. Please do not ask me to give you a private lecture on what you missed. Any student who does not attend the first two scheduled meetings of the class may be administratively dropped from the class. | | | | | | | | | |
| *Add/Drop Withdrawal* | | The last day ot add/drop this course is **January 21**. The last day to withdraw from this course is **March 21**. I do not give WP’s or WF’s. | | | | | | | | | |
| *Honor Code* | | I expect you to abide by the JMU Honor Code in this course. Please familiarize yourself the Honor Code. **YOU MAY ONLY USE MATERIAL PROVIDED OR AUTHORIZED BY ME TO COMPLETE ALL WORK IN THIS COURSE.** This includes using old exams and/or homework assignments that I have given, and searching the web for answers to problems that I may give. Any violation, no matter how small will result in an F in the course, and I will hand the matter over to the JMU Honor Council. | | | | | | | | | |
| *Disability Religious Observance* | | See JMU’s website for policies regarding observances for accommodating disabilities and religious holidays. | | | | | | | | | |
| *Inclement Weather Policy* | | Classes will be held unless cancelled by the JMU administration for bad weather, bomb threats, fire alarms, or other unforeseen exigencies. If I am unable to make it to class, you should receive an e-mail and someone will post a note on the classroom door. | | | | | | | | | |
| **Course Outline** | | | | | | | | | | | | |
| The following outline covers the first half of the semester. The outline is tentative and is likely to change. I will assign readings each class. | | | | | | | | | | | | |
| Week | Topic | | | | | | | | | | Reading from Cabral | |
| 1 | Introduction and Micro Review | | | | | | | | | | Ch. 1-2 | |
| 2 | The Firm | | | | | | | | | | Ch. 3 | |
|  | Game Theory | | | | | | | | | | Ch. 4 | |
| 3 | Game Theory continued | | | | | | | | | |  | |
|  | Monopoly and Regulation | | | | | | | | | | Ch. 5 | |
| 4 | Monopoly and Regulation | | | | | | | | | |  | |
|  | Competition | | | | | | | | | | Ch. 6 | |
| 5 | Oligopoly | | | | | | | | | | Ch. 7 | |
| 6 | Collusion | | | | | | | | | | Ch. 8 | |
| 7 | Market Structure and Market Power | | | | | | | | | | Ch. 9 | |
| 8 | **Midterm on Wednesday, March 5** | | | | | | | | | |  | |