**Brigham Young University Department of Economics**

**Economics 476 Section 1: Industrial Organization**

Winter 2019

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Office Hours: Monday and Tuesday 10-11, and by appointment.

Teaching Assistant: Ben Merrill

Text: *Industrial Organization*, by Oz Shy. The book is very brief but clear. I will also assign several papers to read. These will be empirical papers and will require some familiarity with econometrics.

Prerequisites

Economics 380 and 382 and Calculus. We will be using game theory extensively.

Grading

There will be one midterm, two shorter exams (“quizzes”), problems sets, a short paper and a final. Points will be assigned as follows:

Quizzes (2) 15 % each

Midterm 30 %

Problem Sets 5 %

Industry Review 5 %

Final 30 %

Problem Sets

I will distribute problem sets and assign several papers to read.

Quiz 1: Wednesday, February 6, in class.

**Midterm Exam: March 8-12 (Friday-Tuesday), Testing Center.**

Quiz 2: Wednesday, April 3, in class.

Industry Review Paper: Due Monday April 15th.

**Final Exam: Friday April 19th, 11-2 IN CLASS.**

Rough Course Outline

Chapter Topic ­­­­ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_­­­­­­­­­­­­­­­­­­

5 Monopoly

2, 6 Normal form games and applications

2, 7 Extensive form games and applications

-- Bargaining and Auctions

6 Collusion and Antitrust

7 Markets for Differentiated Goods

8 Mergers

11 Advertising

9 R&D

8 Entry and Strategic Entry Deterrence; Predatory Pricing

*What is Industrial Organization?* IO covers the organization of firms and markets, and the effects on welfare. The emphasis is on competition among a few firms, so that strategic interaction becomes important. You can get a good idea of the topics by glancing through Shy.

Industry Review Paper

Please write a 5-6 page paper on the industry of your choice. Examples include airlines, automobiles, oil, pharmaceuticals, etc. The size of the industry does not matter, but to be interesting it should be highly concentrated so that the models we talk about in 476 will be relevant. The paper should include a brief history of the industry, descriptive statistics (market shares of leading firms) and trends, and an intuitive economic analysis of market conditions. Your paper should address the reasons for the industry’s current structure, conduct, and performance. You should refer to at least 3 articles published in academic journals. Google Scholar and jstor.org are a good source for articles. The articles might be theoretical results that apply to any industry, descriptive or empirical results for your industry, or results from a similar industry.

Useful websites. These may require you to be logged in to your campus account.

* + <http://sites.lib.byu.edu/business/>
  + <http://clients1.ibisworld.com/>

Due date: Last day of class in my box in 435 Crabtree Building. The paper must be a hard copy. Please do not email your paper without talking to me first.

**Economics Department Learning Outcomes:**

[**https://learningoutcomes.byu.edu/Courses/program-courses/736021/Economics+BS+/1384**](https://learningoutcomes.byu.edu/Courses/program-courses/736021/Economics+BS+/1384)

**Honor Code Standards**

In keeping with the principles of the BYU Honor Code, students are expected to be honest in all of their academic work.  Academic honesty means, most fundamentally, that any work you present as your own must in fact beyour own work and not that of another.  Violations of this principle may result in a failing grade in the course and additional disciplinary action by the university.

Students are also expected to adhere to the Dress and Grooming Standards.  Adherence demonstrates respect for yourself and others and ensures an effective learning and working environment.  It is the university’s expectation, and my own expectation in class, that each student will abide by all Honor Code standards.  Please call the Honor Code Office at 422-2847 if you have questions about those standards.

**Preventing Sexual Discrimination or Harassment**

Sexual discrimination or harassment (including student-to-student harassment) is prohibited both by the law and by Brigham Young University policy.  If you feel you are being subjected to sexual discrimination or harassment, please bring your concerns to the professor.  Alternatively, you may lodge a complaint with the Equal Employment Office (D-240C ASB) or with the Honor Code Office (4440).

**Students with Disabilities**

If you have a disability that may affect your performance in this course, you should get in touch with the office of Services for Students with Disabilities (1520 WSC).  This office can evaluate your disability and assist the professor in arranging for reasonable accommodations.

**Homework Policy:**

1. You may work in groups, but each student must turn in a separate paper.

2. All problem sets must be written neatly. Please show all work and box your answers to facilitate grading.

3. Problem sets are due by 5pm on the due date. You may turn them in class or in the appropriate box in the Economics Department Office in the Crabtree Building. Late problem sets will not be accepted unless cleared with me.

4. Problem sets must be stapled and folded lengthwise.

5. Please write your name and section number on the outside of the paper. Your score will be on the inside.

6. I will drop your lowest problem set.