

ECON 4697-001 INDUSTRIAL ORGANIZATION & REGULATION

Instructor: Professor Scott James Savage

Office: ECON 121 (north-west corner of ground floor in economics building)

Address: Department of Economics, 256 UCB, Boulder, Colorado 80309-0256

Email: scott.savage@colorado.edu Phone: 303-735-1165 Fax: 303-492-8960

Short CV: <http://www.colorado.edu/Economics/people/faculty/savage.html>

Office hours: T & TH 12.30-1.30pm or by appointment

Class time and location: T & TH 2-3.15pm, ECON 117

Course Description

Industrial Organization & Regulation studies firm behavior in markets where the

price, quantity of output, quality, and location, and how public policy is used to promote competitive outcomes and control market power. The course comprises four parts. Part I introduces industrial organization. Part II examines monopoly pricing and firm location decisions. Oligopoly behavior is studied in Part III. Part IV examines product differentiation and some of the empirical tools used to study industrial organization.

The method of instruction asks fundamental questions about the market behavior of firms and consumers and answers those questions through casual observation, theoretical and empirical modeling, and experiments. Experiment , for example, classroom, focus groups, surveys, counterfactual analysis, etc., and in the market by way of a natural experiment. For example, electricity market deregulation that permits wholesale competition in some states ment group , but not in other states group

Objectives

Use the economic tools learned in *ECON 3070 Intermediate Microeconomic Theory* to understand the economics of firms and markets, and optimal decision making by firms and policy makers under conditions of imperfect competition.

Become more comfortable using algebra, calculus and diagrams to model different kinds of firm interactions.

Continue to develop critical thinking, oral and written communication skills with class room participation, homework questions, quizzes and examinations.

Help you identify errors in economic analysis in the popular press and wider community.

Prerequisites

Available to students who have completed *ECON 3070 Intermediate Microeconomic Theory*. Students should be familiar with microeconomic principles, algebra, calculus, optimization techniques and probability covered in prerequisite classes (*ECON 1088 Math Tools for Economists 2* and *ECON 3818 Intro to Economic Statistics & Computer*

Applications), and be comfortable expressing these concepts in short-answer questions in homework assignments and examinations.

Textbooks

There is no required textbook for this class. Appropriate readings will be indicated during lectures and updated on Desire2Learn. Outlines of my lecture notes will be provided on Desire2Learn. *Introduction to Industrial Organization* by Luis Cabral, (MIT Press) is a useful supplementary text. As is your textbook from *ECON 3070 Intermediate Microeconomic Theory*, for example, *Microeconomics* by David Besanko and Ronald Braeutigam (Wiley), or *Intermediate Microeconomics: A Modern Approach* by Hal Varian (Norton).

Class requirements

The class meets Tuesday and Thursday from 2pm to 3.15pm. Please be aware that the critical thinking required for successful completion of this course may not come naturally for many students. In-class exposure to model building, group exercises, applied problems and solutions via class attendance is the best way to become proficient in the application of microeconomic theory and the way economists think and solve problems.

Craig and Savage (2014) show that a ten percent increase in attendance is associated with a one percentage point improvement in final exam score for undergraduate industrial organization students, which could mean the difference between a grade of B-

International Review of Economics Education, 2014, 17, 55-65.

hinder your performance in the class please discuss with the instructor sooner than later. Any student that misses the mid-term examination due to proven emergency or other circumstances may have their final exam weighted up with instructor approval.

The final examination is scheduled for December 19, 1.30-4pm. See http://www.colorado.edu/registrar/sites/default/files/attached-files/fall2017final_exam_schedule.pdf.

Important dates for assessment

Sep 12	Homework 1
Sep 19	Homework 2
Oct 3	Homework 3
Oct 17	Mid-term examination

assist individuals regarding discrimination or harassment can be obtained at <http://www.colorado.edu/odh>.

All students of the University of Colorado at Boulder are responsible for knowing and adhering to the academic integrity policy of this institution. Violations of this policy may include: cheating, plagiarism, aid of academic dishonesty, fabrication, lying, bribery, and threatening behavior. All incidents of academic misconduct shall be reported to the Honor Code Council (honor@colorado.edu; 303-725-2273). Students who are found to be in violation of the academic integrity policy will be subject to both academic sanctions from the faculty member and non-academic sanctions (including but not limited to

