

AMERICAN UNIVERSITY

ECON-346 Industrial Organization
 (Competition, Regulation, and Business Strategy) M/Th 8:30 – 9:45 AM
 Fall 2008
 Roper 210 (885-3788)

Prof. Robert M. Feinberg
 Off. hrs: M/Th 1-4
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Course Description:

This is a course in applied microeconomics, focusing on the economics of the firm and of the industry. Particular attention is given to the effect of industrial structure on the strategic behavior of firms and (through this effect) on the economic performance of industries. Both theoretical analysis and industry case studies are employed. While the public policy and empirical emphasis is on the U.S. experience, most of the course content is applicable to other developed industrial economies.

Prerequisites: ECON-100 and ECON-200

Textbooks: Waldman & Jensen, Industrial Organization: Theory & Practice, 3rd ed. (Addison-Wesley, 2006)
 Brock, ed., The Structure of American Industry, 12th ed. (Pearson Prentice Hall, 2008)
 -- *a less expensive web version of this is available* (www.safarix.com)

Grading:

There will a midterm and final exam (each worth 35%), a class presentation (15%), and a short paper (15%). The class presentation will involve leading class discussion (in groups of two or three) of an industry discussed in a chapter of the Brock book (however, the presentation must go beyond the material in that book). The short paper (5-7 pages typed, double-spaced), due on Thursday, December 4th (the last class), will be a critique -- *not simply a summary* -- of an article (which must be cleared with me) from a recent (September – December 2008) issue of the Wall Street Journal, Business Week, or The Economist.

Course outline:

Aug. 25	Introduction/Review of Microeconomics	Waldman/Jensen ch. 1-3
*no class Sept. 1st		
Aug 28, Sept 4,8	Market Structure & Monopoly Practices	Waldman/Jensen ch. 4-5
Sept 11	Introduction to Game Theory	Waldman/Jensen ch. 7
Sept 15,18	Market Conduct: Pricing Behavior	Waldman/Jensen ch. 8-10
Sept 22,25,29, Oct 2	Market Conduct: Nonprice Behavior	Waldman/Jensen ch. 13
	Case studies: cigarettes, beer	Brock, ch. 4, 5
Oct 6,13,16	Market Performance: Empirical Evidence	Waldman/Jensen ch. 6
	Case studies: music recording, health care	Brock, ch. 7, 11
*no class Oct. 9th		
*****MIDTERM EXAM -- OCTOBER 20 th *****		
Oct 23	Technology Policy	Waldman/Jensen ch. 14
Oct 27,30, Nov 3	Antitrust Policy	
	Case studies: computer hardware & software	
Nov 6,10,13,17	Regulation and Deregulation	Waldman/Jensen ch. 17
	Case studies: telecommunications, airlines	Brock, ch. 8, 9
Nov 20,24, Dec 1,4	International Aspects of I.O.	
	Case studies: automobiles, petroleum	Brock, ch. 6, 2

*****FINAL EXAM – DECEMBER 8TH, 8:30-11:00 AM*****

Note: The College of Arts and Sciences will hold the annual Ann Robyn Mathias Student Research Conference in April 2009. This is an excellent opportunity to participate in a forum similar to what might be encountered at a typical academic conference. You should consider participating, perhaps extending written work from this or another course you are taking this semester.