EC 345 Industrial Organization and Economic Regulation

Instructor: Chris Westley
Merrill Building 112A 782-5392
Office Hours: Mon – Fri 4:00 – 5:00 pm

Required Texts: Carlton and Perloff, Modern Industrial Organization, 4th edition
Armentano, Antitrust: The Case for Repeal, Revised 2nd edition

Supplemental Readings (available at library reserve desk or in class)

Course Description: Industrial organization is essentially a branch of applied microeconomics which seeks to understand the causes and effects of various market structures on pricing and product choices. As such, students will learn to apply economic theory to analyze various industries in the economy. Deeper understanding of standard economic models will be stressed with an emphasis on case studies.

Attendance: Your attendance in this class will be monitored, but attendance will not account for a portion of your final grade. However, please remember the poor attendance is often correlated with poor test performance. Note also that class participation accounts for 5% of your final grade.

Grading: Your grade in this class will be based on the following:
2 in-class exams 25% each (100 points each)
1 short paper 10% (40 points)
Comprehensive final exam 35% (140 points)
Class participation 5% (20 points)

Preparation for Class: Students are expected to have completed all assigned reading prior to coming to class. I will expect you to be able to answer questions regarding the reading and participate in class discussions. Periodic, unannounced quizzes may be given to assess your ability to comprehend readings from outside the required text. Performance on these quizzes, as well as your contributions to daily dialogue in class, will be factored into your class participation grade.

Academic Integrity: Honesty is a virtue: Any student caught cheating will receive a zero for that assignment. Jacksonville State University expects students to pursue their academic work with honesty and integrity. The Academic Honesty Policy of the University will be followed in this course.

Any violation is grounds for an “F” in this course.
Educational Accommodations: Any student who qualifies for reasonable accommodations under the Americans with Disabilities Act or Section 504 of the Rehabilitation Act of 1973 should contact the instructor immediately.

Any student who receives failing grades during this course is urged to discuss this with the professor.

Writing Assignments: You will be required to write one short paper in which you briefly analyze a current policy issue using the tools discussed in this class. Papers must be 2-4 pages in length (typed, double-spaced). This paper is due November 26th. More information on these assignments will be distributed later in the semester.

Tests: Tests will be given in class on Tuesday, Oct. 1 and Thursday, Oct. 31. These tests will cover the material presented in classes preceding each test, along with all relevant reading material. The final exam is on Thursday, Dec. 5, 1:00 pm. The final exam will be comprehensive. All three tests employ short answer and essay questions. No make-up exams will be given. If you miss a test without making prior arrangements, you will receive a grade of zero on that exam. Any circumstances that will prevent you from taking an exam should be discussed with me as soon as possible.

COURSE OUTLINE
(Subject to change with notification in class)
* Not required reading.

I. Introduction and Overview
Carlton and Perloff, Ch. 1

II. The Theory of the Firm and Costs
Carlton and Perloff, Ch. 2
Alchian and Demsetz (1972)

III. Competition and Monopolies
Carlton and Perloff, Ch 3, 4
Coase (1960)

Test #1

IV. Cooperative and Noncooperative Oligopoly
Carlton and Perloff, Ch. 5, 6
Stigler (1964)

V. Product Differentiation and Monopolistic Competition
Carlton and Perloff, Ch. 7
Lancaster (1966)

VI. Industrial Structure, Performance, and Price Discrimination
Carlton and Perloff, Ch. 8,9

Test #2

VII. Strategic Behavior
Carlton and Perloff, Ch. 11

VIII. Information
Carlton and Perloff, Ch 13
Akerlof (1970)
Stigler (1961)

IX. Antitrust Laws and Policy
Carlton and Perloff, Ch. 19
Armentano, Introduction, Ch. 1, 2, 3

X. Regulation and Deregulation
Carlton and Perloff, Ch. 20
Any changes in class policy will be at the discretion of the instructor.