



ECO 326

Industrial Organization

Mondays and Wednesdays, 1:30pm - 4:55pm

Melville LBR E4320

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SBS N604

Office Hours: Mondays and Wednesdays 11:00am to noon, and by appointment.

COURSE SYLLABUS

Course Description: The objective of this course is to introduce you to a set of analytical tools needed to understand how markets work. Unlike standard microeconomic courses, in industrial organization we focus on markets characterized by imperfect competition. To model these markets and to stress the importance of strategic interaction we will make use of game theory. In the first part of this course we will review both basic microeconomic models and equilibrium concepts. In the second part of the class we will study traditional models of oligopoly. The third part of the course will be devoted to price and nonprice competition strategies. Finally, we will introduce models of entry and exit. If time permits, we will discuss the new literature on two-sided markets and network markets.

Textbook: *Introduction to industrial organization* by Cabral, Luís MB, MIT press, 2000, 1st Edition, ISBN-13: 9780262032865.

Attendance: Attending lectures is *highly* recommended. By attending lectures you will be able to benefit from in-class presentations and discussions. You are also responsible for learning everything discussed in class whether these topics are in the textbook or not.

Grading Policy: Your grade in this class will be based on only on your performance in quizzes and exams. There will be no homework assignments, problems sets and solutions will be provided or discussed in class but they will not be graded as they are only intended to prepare you for exams. Quizzes will account for 20% of your grade and exams will account for 80% of your grade.

Letter Grade Distribution:

≥ 93.00	A	73.00 - 76.99	C
90.00 - 92.99	A-	70.00 - 72.99	C-
87.00 - 89.99	B+	67.00 - 69.99	D+
83.00 - 86.99	B	63.00 - 66.99	D
80.00 - 82.99	B-	60.00 - 62.99	D-
77.00 - 79.99	C+	≤ 59.99	F

Quizzes: You will have six quizzes in class. Quizzes will be open notes problems for you to complete at the end of each class. For your quizzes grade, I will consider only the best *four* of your scores (the lowest two scoring quizzes will be dropped). There will be **NO** makeup quizzes. In order to complete quizzes you must be in class.

Exams: There will be three exams in this class: two midterms and a final. **ONLY** your best two exams will count towards your grade (your lowest scoring exam will be dropped). The first two exams (Wednesday, June 10th and Wednesday, June 24th) are **NOT** cumulative. The third exam (Wednesday, July 1st) is cumulative and will include everything covered in the first two exams. After grading your second exam I will post provisional final grades so you can decide whether to take the final for the chance to improve your grade or to keep your provisional final grade. Since your lowest exam score is dropped, there will be **NO** makeup exams.

Tentative Course Outline: The weekly coverage might change as it depends on the progress of the class. Changes will be announced in class.

Week	Content
Week 1	<ul style="list-style-type: none">• Introduction.• Review of microeconomics and basic game theory.
Week 2	<ul style="list-style-type: none">• Oligopoly models, market structure and market power.• Quizzes 1 and 2.
Week 3	<ul style="list-style-type: none">• Oligopoly models review.• Quiz 3 and exam 1.
Week 4	<ul style="list-style-type: none">• Price and nonprice competition strategies.• Quizzes 4 and 5.
Week 5	<ul style="list-style-type: none">• Entry and exit models.• Quiz 6 and exam 2.
Week 6	<ul style="list-style-type: none">• Study day.• Final Exam.

Academic Honesty Policy Summary: Dishonesty of any kind is not tolerated in this course. Dishonesty includes, but is not limited to, cheating, plagiarizing, fabricating information or citations, facilitating acts of academic dishonesty by others, having unauthorized possession of examinations, submitting work of another person or work previously used without informing the instructor, or tampering with academic work of other students. Students who are found dishonest will receive the most severe academic sanction consistent with the University policies. For more on academic integrity, click on or type in the following URL address: http://www.stonybrook.edu/commcms/academic_integrity/

Valid Excuses: During the course many possible events may occur that would result in your inability to attend class, attend exams, or perform at a minimally acceptable level during an examination. Illness or injury, family emergencies, certain University-approved curricular and extra-curricular activities, and religious holidays can be legitimate reasons to miss class or to be excused from a scheduled examination.

Students With Disabilities: Any student who, because of a disability, may require special arrangements to meet course requirements should contact me as soon as possible to make such accommodations as may be necessary. For more on this, click on or type in the following URL address: <http://studentaffairs.stonybrook.edu/dss/>

Disclaimer: Any change in the syllabus will be announced in class.