

Market Structure and Economic Performance, CAS EC332

Spring 2021

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Office Hours: Via Zoom on
Monday 12-2 pm ET
Tuesday 4-6 pm ET
Or by appointment

Course Description: This course provides an introduction to industrial organization. Industrial organization is a field of economics that studies the relationship between market structure and firm behavior. It examines deviations from the ideal of perfect competition and considers how firms gain market power and use their market power to sustain prices above marginal cost. This course will provide an overview of the major topics in industrial organization, such as market power, pricing strategies, product choices, and strategic behavior. The goal of this course is to provide you with the tools needed to understand pricing decisions and to analyze firms' strategic decisions. While the course focuses on developing microeconomic theory, it will explore relevant empirical examples.

Prerequisites: EC201

Teaching Assistant:

Ce Li is the teaching assistant for this course.

Email: celi@bu.edu

Office Hours: Thursday 5-6 pm ET

Course Website: I will post all course materials to the Blackboard course site. This course also has a Piazza site where you can post questions about lectures, problem sets, and exams. The Piazza site always you to receive help from me, the teaching assistant, and your fellow classmates.

Piazza Link: <https://piazza.com/bu/spring2021/casec332>

Piazza Access Code: 1995

Class Meetings/Attendance: The class will meet on Mondays and Wednesdays at its scheduled time via Zoom. Attendance of the live lecture is not mandatory, but is encouraged. The live lectures are a good opportunity to ask clarifying questions. To accommodate remote learners, I will be recording the lectures and posting them to Blackboard. The lecture recordings are in Cloud Recordings under Zoom Meetings.

Text: There is no required textbook for this course. The following textbooks are good references.

Cabral, L. (2000). *Introduction to industrial organization* (1st ed.). MIT Press.

Cabral, L. (2017). *Introduction to industrial organization* (2nd ed.). MIT Press.

Oz, S. (1996). *Industrial organization: Theory and applications*. MIT Press.

Church, J. R., & Ware, R. (2000). *Industrial organization: A strategic approach*. McGraw-Hill.

Church and Ware is available for free at http://works.bepress.com/jeffrey_church/23/. I will provide a reading list for all of the textbooks listed above.

Academic Conduct Code: Students are expected to know and comply with the Student Academic Conduct Code, <http://www.bu.edu/academics/cas/policies/academic-conduct/>. Cheating and plagiarism will not be tolerated in this course. Cheating will result in zero credit for the assignment or exam and may result in additional disciplinary action.

Students with Documented Disabilities: The College of Arts and Sciences is committed to equal access for students with disabilities. If you have a specific disability and require accommodations in this class, please let me know early in the semester so that appropriate accommodations can be made. You must provide me with a letter of needed accommodations prepared by Disability & Access Services. Contact information for that office is as follows: (617) 353-3658 Voice/TTY or access@bu.edu. All discussions and written materials will be kept confidential.

Problem Sets: There will be 9 problem sets. The problem sets will be posted to Blackboard and should be submitted to Blackboard before the specified due date. If you have trouble submitting your assignment to Blackboard, you must email me your assignment. You may work in groups, but each student must submit their own write-up. You may not post questions from the problem sets to websites like Chegg. Doing so is considered cheating.

Late Problem Sets: You are responsible for knowing the deadlines and correctly submitting your problem sets on time. Should a problem arise that prevents you from submitting your work on time (e.g. illness, hospitalization, death of a family member, etc.), please contact me and we can arrange an extension. Unexcused late problem sets will receive a penalty of 10 percentage points for each 24 hour period that the assignment is late. I will not accept unexcused late assignments after three days.

Exams: There will be two midterm exams and a cumulative final exam. The exams will consist of short answers questions. You will access the exams through Blackboard.

Grading: To receive full credit on any evaluation, you must show all your work. Your final grade will be based on your performance on the problem sets, the midterms, and the final exam. When determining the contribution of the problem sets, I will drop your lowest two problem set scores. I will take into account the final distribution of scores, when assigning final letter grades. The weights for each category are:

20% Problem sets
20% Midterm 1
20% Midterm 2
40% Final Exam

I will assign the final letter grades based on the following percentage cutoffs.

A	94 – 100%
A-	90 – 93.9%
B+	87 – 89.9%
B	84 – 86.9%
B-	80 – 83.9%
C+	77 – 79.9%
C	74 – 76.9%
C-	70 – 73.9%
D	60 – 69.9%
F	0 – 59.9%

Regrade Requests: Grading mistakes happen. If you believe that a mistake has been made, please email me. Regrade requests must be made within three weeks of the work being returned. I will not consider regrade requests outside of this window. If you submit work for regrading, I reserve the right to regrade the entire work.

Semester Schedule

We will follow this schedule as closely as possible. Any deviations from this schedule will be communicated in advance.

Date	Topic	Due
Jan 25	Introduction to Industrial Organization	
Jan 27	The Firm	
Feb 1		
Feb 3	Perfect Competition	
Feb 5	Last day to change audit status	
Feb 8	Monopoly and Dominant Firm	
Feb 10		Problem Set 1
Feb 16		
Feb 17		Problem Set 2
Feb 22		
Feb 24	Benefits of Monopoly	Midterm 1
Mar 1	Last day to drop without a “W” grade	
Mar 3	Regulation	
Mar 8	Price Discrimination	
Mar 10		Problem Set 3
Mar 15		
Mar 17	Regulation Game Theory	Problem Set 4
Mar 22		
Mar 24	Static Oligopoly	Problem Set 5
Mar 29		Midterm 2
Mar 31	Wellness Day, No Class	
Apr 2	Last day to drop with a “W” grade	
Apr 5	Dynamic Oligopoly	
Apr 7		Problem Set 6
Apr 12	Product Differentiation	

Apr 14	Last day to take a leave of absence or withdraw from the University	Problem Set 7
Apr 19	Patriots' Day Holiday, No Class	
Apr 21	Advertising	Problem Set 8
Apr 26		
Apr 28	Current Research in Industrial Organization	Problem Set 9
May 4-8	Final Exams	