

**Econ 476**  
**Industrial Organization**  
TTh 1:35pm-2:50pm  
B060 JSFB  
(3 credits)

**Instructor:** J. Bradley Eustice

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**Office Hours:** Tuesday and Thursday 3:00pm-4:00pm, or by appointment.

**Teaching Assistant:** Aaron Miller

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**Lab Hours:** Tuesday and Thursday (4:00pm-6:00pm) in 133 TMCB.

**COURSE DESCRIPTION**

Industrial Organization (IO) studies *imperfect* competitive markets, specifically as it relates to the strategic interaction among firms. Imperfect competition arises when either firms or consumers have some degree of power over market prices. Microeconomics and game theory lie at the heart of IO models and mastery of the basic concepts of these two branches of economics is vital to understanding both theoretical and realized market outcomes.

**PREREQUISITES**

Econ 378, Econ 380, and Math 112/119

Econ 382 is helpful, though not required.

**TEXT**

Industrial Organization: Theory and Applications, by Oz Shy (ISBN: 9780262691796)

**COURSE ASSESSMENT**

The majority of the weight of the course will fall on the midterm and final exams. There will also be two in-class quizzes (about 45 minutes each). Problem sets will be assigned about once a week. A few academic papers to review will be assigned over the term (will go over specifics in class). Grades will follow a standard grading scale; however, overall grades may be curved if appropriate/needed (my goal is NOT to ruin your GPA). The lectures and problem sets are designed to help prepare you for the quizzes and exams. Course grades will be calculated based on the following weights:

- Quiz 1            10%
- Quiz 2            10%
- Midterm           30%
- Problem Sets     15%
- Paper Reviews    5%
- Final              30%

## HOMEWORK POLICIES

All assignments will be due by 4:00pm on the due date in the TA's box in the front office (130 FOB). No late work is accepted. Show your work and circle the final answers. Remember that many answers should/can be simplified. The paper reviews must be typed and be contained on one page.

## EXAM SCHEDULE

Quiz 1: September 28 (Thursday), in class

Midterm: October 24-26 (Tuesday-Thursday – late fee @ 11:00am), in Testing Center

Quiz 2: November 16 (Thursday), in class

Final Exam: December 18 (Monday), 11:00am-2:00pm IN CLASS

## TENTATIVE COURSE OUTLINE

Chapter	Topic
5	Monopoly
2, 6	Normal form games and applications
2, 7	Extensive form games and applications
6	Collusion and Antitrust
7	Markets for Differentiated Goods
8	Mergers
12	Quality
9	R&D
8	Entry Deterrence; Predatory Pricing
<i>if time permits (and class interest)</i>	
10	Networks and compatibility
11	Advertising
13	Pricing tactics
14	Marketing tactics
15	Price dispersion and Search Theory
16	Management and Compensation
–	Bargaining and Auctions

## LEARNING OUTCOMES

Econ 476 students will be able to:

- Analyze basic models of competition among firms producing homogeneous goods: competition, monopoly, Cournot oligopoly, Bertrand oligopoly, Stackelberg oligopoly.
- Apply basic game theory including solution concepts for normal and extensive form games. Demonstrate an understanding of extensions to these basic model, including supergames, models of product differentiation, and games of incomplete information.
- Apply these models to key issues in theoretical and applied industrial organization: mergers, collusion, advertising, R&D competition, antitrust policy, entry accommodation and entry deterrence, and business strategy.
- Discuss the role of government in the market in determining antitrust policy, patent policy, and regulation.
- Read, synthesize, and write short review papers on applied or empirical papers from the industrial organization literature.

## **UNIVERSITY POLICIES**

### *Honor Code*

In keeping with the principles of the BYU Honor Code, students are expected to be honest in all of their academic work. Academic honesty means, most fundamentally, that any work you present as your own must in fact be your own work and not that of another. Violations of this principle may result in a failing grade in the course and additional disciplinary action by the university. Students are also expected to adhere to the Dress and Grooming Standards. Adherence demonstrates respect for yourself and others and ensures an effective learning and working environment. It is the university's expectation, and every instructor's expectation in class, that each student will abide by all Honor Code standards. Please call the Honor Code Office at 422-2847 if you have questions about those standards.

### *Preventing Sexual Misconduct*

As required by Title IX of the Education Amendments of 1972, the university prohibits sex discrimination against any participant in its education programs or activities. Title IX also prohibits sexual harassment-including sexual violence-committed by or against students, university employees, and visitors to campus. As outlined in university policy, sexual harassment, dating violence, domestic violence, sexual assault, and stalking are considered forms of "Sexual Misconduct" prohibited by the university.

University policy requires any university employee in a teaching, managerial, or supervisory role to report incidents of sexual misconduct that come to their attention through various forms including face-to-face conversation, a written class assignment or paper, class discussion, email, text, or social media post. If you encounter Sexual Misconduct, please contact the Title IX Coordinator at [t9coordinator@byu.edu](mailto:t9coordinator@byu.edu) or 801-422-2130 or Ethics Point at <https://titleix.byu.edu/report> or 1-888-238-1062 (24-hours). Additional information about Title IX and resources available to you can be found at <http://titleix.byu.edu>.

### *Student Disability*

Brigham Young University is committed to providing a working and learning atmosphere that reasonably accommodates qualified persons with disabilities. If you have any disability which may impair your ability to complete this course successfully, please contact the University Accessibility Center (UAC), 2170 WSC or 422-2767. Reasonable academic accommodations are reviewed for all students who have qualified, documented disabilities. The UAC can also assess students for learning, attention, and emotional concerns. Services are coordinated with the student and instructor by the UAC. If you need assistance or if you feel you have been unlawfully discriminated against on the basis of disability, you may seek resolution through established grievance policy and procedures by contacting the Equal Employment Office at 422-5895, D-285 ASB.

## **ACKNOWLEDGMENTS**

This course is structured after Professor James Cardon's course currently taught in the Fall and Winter semesters.