

Department of Economics
George Mason University
Summer 2008

Industrial Organization

ECON 370, Section 001
Monday/Wednesday/Friday 7:00 PM – 10:05 PM
Enterprise 176

Instructor: Adam C. Smith
Office Location: Enterprise Room 329
Office Hours: Office Hours are made by appointment
Email: a411319@gmail.com

TEXTBOOKS

(All texts are required)

Dennis Carlton and Jeffrey Perloff “**Modern Industrial Organization**”, Addison-Wesley, 4th Edition

David Friedman “**Hidden Order: The Economics of Everyday Life**”, Collins, 1997

Robert Frank “**The Economic Naturalist: In Search of Explanations for Everyday Enigmas**”, Basic Books, 2007

COURSE DESCRIPTION

In this course, we will explore in great detail the supply-side of the market. The focus of the course will be on the role of the firm within the market, the presence of imperfect competition, and how public policy interacts with the marketplace. We will also examine some recent topics in IO that attempt to apply theory to more practical devices we observe operating in markets. In teaching this course, I will rely heavily on price theory models. A strong background in Microeconomics is very helpful but not completely necessary to perform well. I will also try to integrate common examples so that you may see how these abstractions relate to our day-to-day interaction in the marketplace.

Key Topics:

- Firm Structure
- Competition & Monopoly
- Cartels & Oligopoly
- Product Differentiation
- Industry Structure
- Price Discrimination
- Game Theory
- Information Economics
- Durability
- Patents
- Government intervention

STUDENTS WITH DISABILITIES

Students with disabilities should register with the disability resource center (Phone 703-993-2472). Further information can be found on their web site <http://www.gmu.edu/student/drc/>.

HONOR CODE

“Mason shares in the tradition of an honor system that has existed in Virginia since 1892. The Honor Code is an integral part of university life. On the application for admission, students sign a statement agreeing to conform to and uphold the Honor Code. Students are responsible, therefore, for understanding the code’s provisions. In the spirit of the code, a student’s word is a declaration of good faith acceptable as truth in all academic matters. Cheating and attempted cheating, plagiarism, lying, and stealing of academic work and related materials constitute Honor Code violations. To maintain an academic community according to these standards, students and faculty must report all alleged violations to the Honor Committee. Any student who has knowledge of, but does not report, a violation may be accused of lying under the Honor Code.”

You can find the complete Honor Code at <http://www.gmu.edu/catalog> under academic policies.

ATTENDANCE POLICY

There is no formal attendance policy in this class. However I do take into consideration participation in determining grades that are borderline.

Grades will be assigned according to the following distribution:

Homework	10%
Project	20%
Midterm I	30%
Final Exam	40%

Extra Credit

I give extra credit points towards the next exam regularly during class discussion for what in my opinion are good answers or questions. I also offer a bonus question on each exam. If you wish, you may also turn in a paper and give a short presentation on a topic of your choice. A perfect score on this will give you a total of 5 points towards your final grade in the class. You may do this no more than two times.

Reading Schedule:

Date	Topic		Readings		
	First Half	Second Half	C & P	Friedman	Frank
30-Jun	Syllabus	Overview/History of IO	Ch. 1		
2-Jul	The Nature of the Firm		Ch. 2	Ch. 9	
4-Jul			Ch. 2		
7-Jul	Perfect Competition	Auction Experiment	Ch. 3	Ch. 5	
9-Jul	Auction Experiment	Perfect Competition	Ch. 3	Ch. 7	
11-Jul	Monopoly	Cartel	Ch. 4, 5	Ch. 10	
14-Jul	Game Theory	Oligopoly	Ch. 6	Ch. 11	
16-Jul	Monopolistic Competition	Exam Prep	Ch. 7		Ch. 1
18-Jul	MIDTERM				
21-Jul	Structure-Conduct-Performance		Ch. 8		Ch. 4
23-Jul	Price Discrimination	Information/Advertising	Ch. 9, 10, 13, 14		Ch. 6
25-Jul	Durability	Patents	Ch. 15, 16		Ch. 3
28-Jul	Government Intervention		Ch. 19, 20		Ch. 5
30-Jul	FINAL EXAM				