Office hours: T, Th 10:30-11:30 and by appointment, 4027 Rawls.

Lecture Notes: *Industrial Organization in Context*. These will be distributed in class.


The URL of the course web site is

http://www.krannert.purdue.edu/faculty/smartin/courses/cm.asp.

Etiquette:

1. Do not read newspapers or similar material during class.
2. Do not eat in class.
3. Turn off cell phones, pagers, and other electronic devices during class. If you take notes on a laptop, do not cruise the internet during class.
4. Do not ask “Will we need to know this for the exam?”

There will be one within-term exam, on the date indicated below. It will account for 40% of the course grade. The final exam (which will be cumulative) will account for 50% of the course grade.

The remaining 10% of the course grade will be determined by grades on five problem sets, due on the dates indicated below. I will not accept a problem set after the end of class on the date it is due. I will grade each problem set “Pass” or “Fail.” For determining the course grade, a “Pass” on a problem set will count as an A (4.0) and a “Fail” on a problem set will count as an F (0.0).

I will not generally discuss the industry studies in the book of readings in class. There will be questions about the readings on the exams.

The lecture notes are a preliminary version of a textbook that will be published next year. I use this material for two courses, this one and ECON 361, Antitrust Economics. Consequently, there is material in the lecture notes about U.S. antitrust policy and EU competition policy. I will sometimes refer to this material for examples of business behavior. But I will not lecture on antitrust or competition policy, and such material will not be covered on exams for this course.

This course will examine the determinants of market and firm structure, firm conduct, and market performance in imperfectly competitive markets. Emphasis is placed on using theoretical models of firm and industry behavior to explain and analyze real-world examples of firm behavior.

The indication of topics by date given below is approximate, and will become more so as the term goes on.
Week 1

Tue 21 Aug 07 1 Introduction
Thu 23 Aug 07 2 Basics

Week 2 SAI Agriculture

Tue 28 Aug 07 3 Basics, continued; hand out first problem set.
Thu 30 Aug 07 4 Oligopoly I

Week 3

Tue 4 Sep 07 5 Oligopoly I, continued. First problem set due.
Thu 6 Sep 07 6 Oligopoly I, continued

Week 4 SAI Automobiles

Tue 11 Sep 07 7 Oligopoly II; hand out second problem set.
Thu 13 Sep 07 8 Oligopoly II, continued.

Week 5 SAI Petroleum

Tue 18 Sep 07 9 Oligopoly II, continued.
Thu 20 Sep 07 10 Oligopoly II, continued. Second problem set due.

Week 6 SAI Music Recording

Tue 25 Sep 07 11 Tacit collusion & collusion
In connection with the material on collusion, you should read pages 113-114 (The First Sherman Act case) and page 141 (The French Calcium Carbide Cartel).

Thu 27 Sep 07 12 Tacit collusion & collusion, continued.

Week 7 SAI Airlines

Tue 2 Oct 07 13 Monopolization & dominance.
Thu 4 Oct 07 14 Continued; hand out third problem set.

Week 8 SAI College Sports

Week 9
Tue 16 Oct 07 16 Price discrimination, continued.
Thu 18 Oct 07 17 Midterm

Week 10 SAI Health Care
Tue 23 Oct 07 18 Market structure.

Week 11 SAI Beer
Tue 30 Oct 07 20 Firm structure; hand out fourth problem set.
Thu 1 Nov 07 21 Firm structure, continued.

Week 12 SAI Public Accounting
Tue 6 Nov 07 22 Vertical contracts. Fourth problem set due.
Thu 8 Nov 07 23 Vertical contracts.

Week 13 SAI Cigarettes
Tue 13 Nov 07 24 Mergers
Thu 15 Nov 07 25 Mergers, continued.

Week 14 SAI Telecommunications
Tue 20 Nov 07 26 Advertising & information; hand out fifth problem set.
Thu 22 Nov 07 Thanksgiving

Week 15
Tue 27 Nov 07 27 Innovation
Thu 29 Nov 07 28 Innovation, continued. Fifth problem set due.

Week 16
Tue 4 Dec 07 29 Imperfect competition and macroeconomic performance
Thu 6 Dec 07 30 Imperfectly competitive international markets

Week 17
Mon 10 Dec 07 Final exam week begins