**ECP4403: Industrial Organization; Section U01**

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**Office**: DM 312 (MMC)
**Office Hours:**

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| --- | --- | --- |
| Monday 12:30-1:15 | Zoom: [**https://fiu.zoom.us/j/5357703184**](https://fiu.zoom.us/j/5357703184) | Office: DM 312 (MMC) |
| Wednesday 12:30-1:15 | Zoom: [**https://fiu.zoom.us/j/5357703184**](https://fiu.zoom.us/j/5357703184) | Office: DM 312 (MMC) |
| **No office hours on Monday, January 16 and Monday, February 27. No office hours after Saturday, April 22.** |  |  |

I will be available in my office and also in my virtual office room via Zoom for office hours.

**Course Description and Purpose**

In this class we will study the market and industry structure in imperfect markets such as monopolies and oligopolies. We will analyze the causes of **firms’ business strategies and conduct under different industry settings in imperfect markets**, **the welfare effects of such firm behaviors,** and **the role of antitrust law in these settings**. By the end of the course you will be able to understand and analyze the causes and consequences of firms’ strategic behavior and policy makers’ responses and regulations to such actions.

**Course Objectives**

At the end of this course, you will be able to:

* Identify the determinants of industry structure and measuring market power.
* Model the monopolists’ behavior and determine the optimal pricing strategies of monopolies or firms with market power and calculate the effects of such strategies on society’s welfare.
* Comparing and deciding on the optimal government action to regulate monopoly markets.
* Model  strategic interaction in oligopoly markets and evaluate the welfare effects of firms’ strategic behavior.
* Evaluate vertical and horizontal integration, and anti-competitive strategies employed in different imperfect markets.
* Analyze how policy makers respond to integration and to anti-competitive strategies and measure the effectiveness of such policies.
* Improve your problem-solving skills and develop your ability to use economic models.
* Apply the theoretical analysis methods and models to real-life cases.
* Collect information and conduct a market analysis research based on the information collected.

**This is a rigorous and demanding class.**

**Important Information**

Before starting this course, please review the following pages:

* [Accessibility and Accommodation](/courses/155340/pages/accessibility-and-accommodation)
* [Academic Misconduct Statement](/courses/155340/pages/academic-misconduct-statement)
* [Panthers Care](https://studentaffairs.fiu.edu/get-support/panthers-care/)
* [Counseling and Psychological Services (CAPS)](https://studentaffairs.fiu.edu/health-and-fitness/counseling-and-psychological-services/)

\*The professor reserves the right to change or modify the syllabus at any time during the semester.

**Technical Requirements and Skills**

Privacy Policy Statements for partners and Vendors

* [Canvas](https://www.instructure.com/policies/privacy/)

Please visit our [Technical Requirements](https://online.fiu.edu/html/canvas/mastertemplate/technical-requirements/) web page for additional information.

**Course Information**

**Course Prerequisites**

This course has a prerequisite(s):

ECO3101 - Intermediate Microeconomics. You are required to know and be able to use the microeconomic tools that you learned in your Intermediate Microeconomics class. **You must also know Algebra and CALCULUS.**

**Textbook**

Industrial Organization: Contemporary Theory and Empirical Applications

Textbook by Daniel Jay Richards, Lynne Pepall, and Norman George

ISBN-13: 9781118250303

**Assessment Methods**

The assessment methods for the learning objectives are (only) 4 problem sets, (5 % each) and 2 midterms (15 % each), a final exam (20 %), 4 essays (4% each), and a writing project (20 %). You are expected to learn the course outcomes by solving problems, practicing by assignments, and researching and writing a term paper for your project. Practice will help you learn the information and increse your performance in this class. I will help you with studying techniques and solving problems to support you to become self-directing learners. I strongly recommend you form study groups and be connected and in contact with your classmates. The homework sets can be submitted by individually or by a student group of at most 3 students, but all exams and the writing project should be completed individually.

You are expected to use mathematics and words to describe, solve, analyze the problems in this class. The economics tools required to answer most questions are the tools that you learned in the prerequisite class. In addition to assignments and exams, your knowledge and written communication skills will be assessed based on the discussion posts and the term paper you write for the writing project.

**Note**: **There is 6 points bonus in this class. There is no alternative tool or solution to improve your final grade. Please do not ask for an extra credit assignment to improve your grade at any time during the semester** . The exams will not be cumulative except in the sense that the later material builds on the earlier material to a great degree.

**Problem Sets**

There are 4 problem sets. Each problem set grade is 5% of your final grade.Problem sets will be posted on Canvas periodically. **Homework may be done individually or in groups of at most 3 students.** A group should submit a single write-up listing the names of all group members (all of whom will receive the same grade). You may change groups from assignment to assignment, but it is your responsibility to ensure that your name appears on **one, and only one, final write-up before the submission**. Names cannot be added after the submission. So, please make sure that all the students' names in the study group are listed on the problem set before submission. I encourage working on the homework in groups, for two reasons: (1) differing perspectives can keep you from getting “stuck” and (2) having to explain your reasoning to others is an excellent way to really learn the material. The homework will be graded by the teaching assistant or by the instructor. We will work on the problems in the homework in class or I will upload a video to Canvas, and I will show the solution techniques to certain problems. Hence, an answer key for a problem set may not be available on Canvas. Homework turned in late (but within two days) will receive a grade of discount of 20% per day. **Homework turned in beyond two days will receive a grade of zero.** No grades will be dropped in computing the overall homework grade.

**Midterms and the Final Exam**

There are 2 midterms and one final exam, that is, three exams in total. Each midterm is 15% of your final grade and the final exam is 20%. All exams are composed of computational and analytical questions, which require that students perform calculations to deduce answer. Exams taken late without an excuse properly documented (but within two days) will receive a grade of discount of 20% per day.

**Essays**

There are 4 essays and each essay is 4% of your grade

Word totals for each essay should be in the 200-300 words range (or more if you are very enthusiastic:)). Whether you agree or disagree explain why with **supporting evidence** and **concepts from the readings or a related experience**.

**Your essays will be graded according to the following criteria:**

|  |
| --- |
| **Essay Rubric** |
| **Criterion** | **Unacceptable****1 point** | **Unsatisfactory****2-3 points** | **Satisfactory****4 points** |
| **Organization** | There is no apparent organization to the content. The information seems jumbled or random. Paragraphing is not present. | A purpose is initially established but is not sustained throughout writing. Some irrelevant material may be included. The introduction and/or conclusion could use more work or is missing. | The entire piece of writing is controlled by a clear purpose. The reader moves easily from one point to the next. There is a thoughtful introduction and closing. |
| **Writing** | Many grammatical and/or mechanical errors | Grammatical and/or mechanical errors frequently stop the reader, effecting the reader’s comprehension of the writing. | Any grammatical and/or mechanical errors, if present, don’t affect the reader’s understanding. |
| **Content** | The content does not address the assignment. | This writing addresses the assignment but not sufficiently. Missing support and elaboration. | This piece of writing accomplishes the assignment and all of its specific requirements. Contents are supported and elaborated fully. |

**Writing Project**

The writing project is 20% of your final grade. The project involves studying an industry (of your choice) in some depth, trying to relate concepts from each of the chapters to the industry (to the extent they apply), and writing a term paper about your research. During this process, you must meet with tutors from the writing center to discuss your term paper. Coordination with the writing center is graded and a part of the writing project.

**Skills:** In the term paper, you are expected to analyze an industry of your choice. The term paper will help you to develop your ability to use economic models and apply the theoretical analysis methods and models to real-life cases by utilizing the theoretical and quantitative tools learned in the class. It will also improve your ability to collect information, evaluate the information, and  conduct a market analysis research based on the information collected. Moreover, your knowledge and written communication skills will be assessed based on the term paper you write.

**Knowledge:** By writing the term paper, you will be able to conduct and present a market analysis based on the topics that we cover in this class. By doing so, you will extend your knowledge on the following topics:

* The market structure in the industry
* The pricing strategies that are firms use
* Type of competition in the industry
* Sequential aspects of the industry
* Collusion in the industry or price fixing cases
* Mergers and acquisitions

**Task:** Your term paper should address most of the following questions below (if not all). This is an industry analysis, so you must present a market analysis at least based on the topics that we cover in this class. In the industry you pick, say collusion is the crucial issue, and you want to focus more on collusive behavior. Then, you can briefly mention other topics or with a small focus on them, and mostly focus on collusive behavior. If competition or price wars is the main issue, then you can put less weight on others and put more weight on competition or price wars, but you have to offer a complete analysis.

The topics that you should mention in your paper for a complete industry analysis:

1. Pick an industry to examine. Keep in mind that many industries are global in nature, so consumers and/or producers need not be in the US.
2. What can you find out about the market structure in your industry? Which firms are squarely in the industry, which others arguably produce substitutes or complementary goods?
3. What strategic pricing strategies are used? Price discrimination based on identifiable characteristics (3rd degree)? Two-part tariffs or menu pricing (1st or 2nd degree)? Bundling?
4. Returning to market structure, what does it look like? Do firms seem like they compete in price (Bertrand competition) or quantity (Cournot competition)? Are the goods homogeneous or differentiated (and along what dimensions)? Does there seem to be a simultaneous-move or sequential-move structure?
5. What sequential aspects does the industry have (if any)? Do any commitment strategies seem to be in use (such as strategic investments to large capacity or cost-reducing investment)? Is there any evidence of entry-deterring strategies or predatory pricing allegations?
6. Does there seem to be collusion in the industry? Has there been collusion historically? What aspects of the industry would help the firms collude (or hinder collusion)?
7. What has been the recent history in the industry with respect to mergers? Have the mergers been horizontal, vertical, or involving complementary products? Have there been any DOJ/FTC challenges of proposed mergers?

**Format**

Proper citation and referencing is very important!! Your final paper must adhere to MLA or APA citation guidelines—containing both a Works Cited and/or in-text parenthetical notations—in order to receive a passing grade. I repeat: papers that lack either a works cited, parenthetical citations, or both, will receive an automatic zero.

Only include references of papers that YOU mention in your paper. If you have any questions about how to correctly cite a source, please see the websites at the end of this section, or find sources on MLA or APA citation guidelines. (Pay attention to website citing)

It is plagiarism to use other writers’ words and IDEAS. You should cite any little data, statement, argument, research, conclusion, graph, picture, etc. that is not your own. Anything that is not yours, should be cited, otherwise it is plagiarism. For example, if you say “In the frozen pizza market, prices have increased 10% after company A and B merged” without citing, then it means this statement or data belongs to you, and I know that it is not yours!:) I do not expect an empirical research paper from you, so of course you will write your paper based on the information that you get from other sources. It is OK to do that, but it is not OK to get anything from other sources without properly citing the source.

There is not a page requirement or limit, but typical papers should be at least 4 pages (without a title or abstract page), double-spaced, 12-pt font, with additional, separate title page and reference page. Please include page numbers. For details on MLA or APA formatting see the websites at the end of this section.

<https://owl.purdue.edu/owl/research_and_citation/mla_style/mla_style_introduction.html>

<https://owl.purdue.edu/owl/research_and_citation/apa_style/apa_style_introduction.html>

**Good writing tips for your writing project and essays:**

1) QUOTATIONS: Quotations should generally not be used.

2) AVOID 1 ST PERSON.

Ex. Improper “voice” for academic writing:

 In this review, I will show that the literature on treating juvenile murderers is sparse and suffers from the same problems as the general literature … Unfortunately, I have found that most of the treatment results are based on clinical case reports of …

Ex. Suitable “voice” for academic writing

The literature on treating juvenile murderers is sparse and suffers from the same problems as the general literature… Most of the treatment results are based on clinical case reports…

3) AVOID SLANG. USE PROFESSIONAL LANGUAGE “conducted a study” instead of “did a study” “examined” instead of “looked at” “utilize” instead of “use” (where appropriate) “great deal” instead of “a lot” “furthermore” instead of run-on sentences.

4) ORGANIZING IS CRUCIAL. An organized essay is clear, focused, logical and effective. Organization makes it easier to understand the thesis.

5) BE CONCISE: Delete unnecessary words, phrases, and sentences to drastically improve your writing. Scientific writing is concise and to-the-point!

6) REVISE AND REWRITE: Good writing takes hard work. Give yourself enough time to take a break from the paper. Time away from the paper provides perspective regarding organization and allows the opportunity to find technical errors.

7) CITATIONS: It is imperative that you use good citation habits. It is plagiarism to use other writers’ words and IDEAS.

8) USE ASSISTANCE OF WRITING CENTER WHEN NEEDED.

**Criteria for Success:**

I will use the following rubric to evaluate your writing project:

**Writing Project Grading Rubric**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **CATEGORY** | **Unacceptable (Below Standards)** | **Acceptable (Meets Standards)** | **Good****(Occasionally Exceeds)** | **Excellent (Exceeds Standards)** | **SCORE** |
| **Introduction** | **Does not adequately convey topic. Does not describe subtopics to be reviewed. Lacks adequate theses statement.** | **Conveys topic, but not key question(s). Describes subtopics to be reviewed. General theses statement.** | **Conveys topic and key question(s). Clearly delineates subtopics to be reviewed. General thesis statement.** | **Strong introduction of topic’s key question(s), terms. Clearly delineates subtopics to be reviewed. Specific thesis statement.** | **5 points** |
| **Focus & Sequencing** | **Little evidence material is logically organized****into topic, subtopics or related to topic. Many transitions are unclear or nonexistent.** | **Most material clearly related to subtopic, main topic. Material may not be organized within subtopics. Attempts to provide variety of transitions.** | **All material clearly related to subtopic, main topic and logically organized within subtopics. Clear, varied transitions linking subtopics, and main topic.** | **All material clearly related to subtopic, main topic. Strong organization and integration of material within subtopics. Strong transitions linking subtopics, and main topic.** | **15 points** |
| **Integration of Knowledge** | **The paper does not demonstrate that the concepts learned in the course has been fully understood and applied. Most concepts and methods that are learned in the course and/or most of the questions that the papers should address are not analyzed and/or are missing.** | **Some concepts learned in the course has not been applied fully or has been applied incorrectly. Some concepts and methods that are learned in the course and/or some of the questions that the papers should address are not analyzed and/or are missing.** | **The paper demonstrates that the concepts learned in the course is almost fully understood and applied. Most concepts and methods learned in the course have been integrated into the paper and most of the questions that the paper should address are analyzed. A few topics are not analyzed.** | **The paper demonstrates that the concepts learned in the course is understood and has been applies fully. All concepts and methods learned in the course have been integrated into the paper and all the questions that the paper should address are analyzed.** | **15 points** |
| **Support** | **Few sources supporting thesis.  Sources insignificant or unsubstantiated.** | **Sources generally acceptable but not peer-reviewed research****(evidence) based.** | **Sources well selected to support thesis with some research in support of thesis.** | **Strong peer-reviewed, research-based support for thesis.** | **15 points** |
| **Conclusion** | **Does not summarize evidence with respect to thesis statement. Does not discuss the impact of researched material on topic.** | **Review of key conclusions. Some integration with thesis statement. Discusses impact of researched material on topic.** | **Strong review of key conclusions. Strong integration with thesis statement. Discusses impact of researched material on topic.** | **Strong review of key conclusions. Strong integration with thesis statement. Insightful discussion of impact of the researched material on topic.** | **5 points** |
| **Grammar & Mechanics** | **Grammatical****errors or spelling & punctuation substantially detract from the paper.** | **Very few grammatical, spelling or punctuation errors interfere with reading the paper.** | **Grammatical errors or spelling & punctuation are rare and do not detract from the paper.** | **The paper is free of grammatical errors and spelling & punctuation.** | **15 points** |
| **Style & Communication** | **Errors in APA/MLA style detract substantially from the paper. Word choice is informal in tone. Writing is choppy, with many awkward or unclear passages.** | **Errors in APA/MLA style are noticeable. Word choice occasionally informal in tone. Writing has a few awkward or unclear passages.** | **Rare errors in APA/MLA style that do not detract from the paper. Scholarly style. Writing has minimal awkward of unclear passages.** | **No errors in APA/MLA style. Scholarly style.  Writing is flowing and easy to follow.** | **10 points** |
| **Citations & References** | **Reference and citation errors detract significantly from paper.** | **Two references or citations missing or incorrectly written.** | **One reference or citations missing or incorrectly written.** | **All references and citations are correctly written and present.** | **10 points** |
| **Coordination with the Writing Center** |  |  |  |  | **10 points** |

**Total Points: 106**

**Grading Policy:**

|  |  |  |
| --- | --- | --- |
| **Course requirements** | **Number of items** | **Weight for each** |
| Midterms | 2 | 15% |
| Final Exam | 1 | 20% |
| Writing project | 1 | 20% |
| Problem sets | 4 | 5% |
| Essays | 4 | 4% |
| **Total** | **8** | **106** |

**Grading Scheme**

| **Letter** | **Range%** | **Letter** | **Range%** | **Letter** | **Range%** |
| --- | --- | --- | --- | --- | --- |
| A | 96 or above | B | 80 - 85.99 | C | 65 - 69.99 |
| A- | 90 - 95.99 | B- | 75 - 79.99 | D | 60 - 64.99 |
| B+ | 86 - 89.99 | C+ | 70 - 74.99 | F | 59.99or less |

**Course Communication**

Communication in this course will take place via the Canvas Inbox. Check out the [Canvas Conversations Tutorial](https://www.youtube.com/watch?v=aKisF0u7EEE) or [Canvas Guide](https://community.canvaslms.com/docs/DOC-10574-4212710325) to learn how to communicate with your instructor and peers using Announcements, Discussions, and the Inbox.

**Covid 19 Information:**

As cases and hospitalizations due to the Omicron variant continue to increase in our community, we must unite and take necessary steps to prevent further spread.

Daily and before arriving to campus, complete the P3 app. If you are not given the green check mark to enter campus, then stay home, and contact me by email by forwarding your P3 app email notification advising you to stay home.
Please check your FIU email account and your Canvas course at least once a day. Email and Canvas are the official ways for the university, and your professors, to contact you.
If you do not feel well and/or have tested positive for COVID-19, please do not come to class, immediately complete the P3 app to notify the COVID Response Team and contact me by email by forwarding your P3 app email notification as soon as you can. In order to receive an excused absence for P3 failure/COVID-19, you must complete the P3 app and forward the email notification. If directed to stay home by the P3 app, that email notification will serve as your excused absence when you forward it to me. The make-up policies are outlined in this syllabus. [FACULTY INSERT YOUR MAKE-UP POLICY, IF APPLICABLE.]
FIU is following current CDC Guidance. Please refer to the link where you can access their most current information.
Please take every precaution to keep yourself and others healthy. Per CDC guidelines, you are encouraged to get vaccinated and strongly advised to wear a mask indoors and in public including all FIU facilities.
Missing excessive days may lead to failing a class or a grade of incomplete.
For me to assist you in achieving your goals, it is important for you to contact me as soon as you experience any events that might disrupt your course participation. For up-to-date information about COVID-19, please see the fiu.edu FAQs.
Please be advised that classes may be audio and visually recorded and/or subject to course capture for future access by students in this course. Your attendance/participation in this course constitutes consent to such recordings, which will only be used for educational purposes by students in the course and securely stored in University systems. If there is a concern regarding the recording and use of such recording, please contact FERPA@fiu.edu.