

# ECON 105: INDUSTRIAL ORGANIZATION & FIRM STRATEGY

FALL 2021

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Office hours (via Zoom): Tue 1:30-3:20pm

## Class Meetings

Lecture Section: Tue/Thu 3:30-4:50pm  
Location: REV SOUTH

All lectures will be recorded. The videos will be available on Canvas within 24 hours of each lecture. My recommendation, though is that you attend lectures in real time, but if at any point you are feeling sick, consider watching the recordings.

## Course Overview

Industrial organization is concerned with the workings of markets and industries, in particular the way that firms compete with each other. The class is organized into seven topics. We will start revisiting the classic static oligopoly models that you were introduced to in Econ 100C. Subsequently, we will study static oligopoly in the case when products are not homogeneous, a topic referred to as “product differentiation.” In our third topic we will focus on dynamic oligopoly settings, which allow us to collusion and price wars. Market structure comes next, which is a topic where we will study, for example, what determines that some markets have many firms and others only a few. The fifth topic centers on market foreclosure, the different strategies that incumbent firms use not to let other competitors in their market. In the last two topics we will study horizontal and vertical mergers. In each case we will complement theoretical models, with a large number of applications to industries, data from experiments and a discussion of antitrust cases.

## Textbook

Luis Cabral, *Introduction to Industrial Organization*, 2nd edition, MIT, 2017.

Your digital textbook materials are provided by the UC San Diego Bookstore through Canvas. If you decide not to **opt in**, you will be responsible for sourcing the materials elsewhere.

For any questions about billing please contact [textbooks@ucsd.edu](mailto:textbooks@ucsd.edu).

For any questions about using your eBook please reference [RedShelf Solve](#).

To opt-IN:

- Click the RedShelf link in Canvas (under “the Getting Started Module”)
- Click View Course Materials
- Select "OPT-IN to Course Materials"

### **Evaluation**

There will be two exams: A midterm and a final. There will be seven homework assignments (submitted on Gradescope), which are graded for *completeness* only. Finally, there is an empirical project, where you will collect data on your own, analyze it and report your findings in writing. You will get full credit for your homework if you submit an attempted solution, regardless of its correctness. Be sure to go over the posted solutions so that you are prepared for the exams, which are graded on correctness.

The midterm counts for 30% of your grade, the final exam counts for 40% of your grade. The homework counts for 15% and the empirical assignment counts for 15%. Half of the weight of the midterm can be transferred to the final, so there are two alternative grading schemes:

Alternative #1: Midterm 30%, Final 40%, Homework 15%, Empirical assignment 15%.

Alternative #2: Midterm 15%, Final 55%, Homework 15%, Empirical assignment 15%.

When determining your grade I will automatically use the best of the two grading schemes.

### **Exam formats and dates**

I will send instructions on how exams will be conducted later, but exams will be remote. Specifically, you will work on your exams during the allotted time and you will submit your work on gradescope. The exams will be open book and you can use a calculator.

The midterm will take place on Thursday October 28th from 3:30. to 4:50pm. The

The empirical assessment is due on Monday December 6th at midnight. It will be graded for *completeness* only.

The final exam will take place Monday December 6th from 3:00pm to 4:30pm.

## Tentative Schedule

Date	Topic	Book's Chapter	Minicase
09/23	Introduction	1	
09/28	Static Oligopolies	8	
09/30	Static Oligopolies	8	
10/05	Product Differentiation	14	
10/07	Product Differentiation	14	
10/12	Collusion	9	
10/14	Collusion	9	
10/19	Collusion	9	Virgin Airlines
10/21	Market Structure	10	
10/26	Market Structure	10	Cambell Soup
10/28	<b>Midterm</b>	8, 9 & 14	ATPCO
11/02	Entry Foreclosure	12	
11/04	Entry Foreclosure	12	
11/09	Entry Foreclosure	12	
11/11	No Class (Veteran's day)		
11/16	Entry Foreclosure	12	Microsoft
11/18	Mergers	11	
11/23	Mergers	11	GE & Honeywell
11/30	Vertical Relations	13	
12/02	Vertical Relations	13	
12/06	<b>Final</b>	8 to 14	Spirit Airlines

## Administrative Issues

- (1) Students requesting accommodations for this course due to a disability must provide a current Authorization for Accommodation (AFA) letter issued by the Office for Students with Disabilities (OSD). If you have a documented disability, please email Jennifer Buenrostro (jmbuenrostro@ucsd.edu) including your documentation, and we will work on your accommodations.
- (2) **There will be no makeup exams.** If you have to miss the midterm **for a medical or other university-approved reason**, the weight of the exam will be allocated to the final. In that case, you will need to provide proof of your situation. The weights will not be reallocated for any other reason.
- (3) **Academic dishonesty will not be tolerated.** Students are expected to do their own work, as outlined in the UCSD Policy on Integrity of Scholarship. All suspected cases of academic dishonesty will be reported to the Academic Integrity Coordinator. In addition to the penalties imposed by the Academic Integrity Review Board, I will also reserve the right to fail students found guilty of academic misconduct. Finally, I reserve the right to give an oral test if I feel it is necessary to uphold academic integrity.

- (4) **All students must take the final at the scheduled date and time.** If you have a conflict with other exams or have a medical or other university-approved reason, we will schedule an oral test for some other date.