TIME AND LOCATION: 7:40pm- 10:10pm., M/W; Room: #202 Aderhold Learning Center

ADMINISTRATIVE INFO: Andrew Young School (14 Marietta Street, NW), PTI Office (VAULT), V56

E-mail: bhunt@gsu.edu [email option on Ulearn is the preferred way to contact me]

Office hours: Mon and Wed; 5:00pm – 7:00pm and by Appointment

CATALOG DESCRIPTION: An application of microeconomic theory and industrial organization to topics important for internal firm organization and strategic business decision-making. Topics vary, but typically include transactions cost analysis and empirical implications; multi-product cost concepts; vertical integration; product differentiation and product quality; durable good pricing; innovation and patents; spatial competition; delivered (base point) pricing; price discrimination; product bundling; network economies and information industry implications; and special topics in regulatory economics and transitional adjustments in deregulated industries.

Calculus and Algebra: We will use differential calculus and algebra throughout the course. To make sure you are comfortable with the material see Chapters 9-11; this will give you an indication of the level of math that will be used. If you need to refresh your math skills, you should look through a college help book on calculus (e.g., published by Harcourt Brace College Series, among others), I will spend no time on this in class and you are expected to take care of the math and calculus basics yourself

PREREQUISITES: Econ 8100; CSP: 1; Course material is in part an extension of topics that have been covered in Econ 8440 (Industrial Organization and Antitrust Economics), but primarily covers topics that do not overlap those of 8440. This course is fully self-contained and focused especially upon topics that are useful to business as well as academic economists. Attempts are made to accommodate the unique interests and backgrounds of students in various academic programs and specializations.


Recommended Reference Texts:


Supplemental reading will be assigned. Often these readings will be made available via Ulearn for downloading or as hard handouts. All distribution is in compliance with the applicable copyright law. Supplemental readings that are taken from Journals and outlined in the course syllabus will be made available on Ulearn for downloading by June 8th.

Class Lectures and Attendance

Attending class is important as I will deviate from the posted lecture slides and textbook material on many occasions. The course materials are not easy and will require a fair amount of work, understanding of key concepts and proficiency in basic math (differentiation, solving sets of equations, algebra).

It is your responsibility to attend class and be current with the material. If you miss class and material from that class shows up on the test, good luck! By necessity, the class lectures will be quite condensed; you will have to rely on the textbook for details.

The best strategy for you will be to take only the essential notes during class. I will post the class lecture slides on the Ulearn site. The slides will only provide the basic information – the details and discussion will be done in class. Take notes on which chapter, topic and the main points, and fill in the details from the textbook later. This will enhance your understanding of the material. Class lectures and textbook should be used as complements and not substitutes.

If you miss class, talk to another student who attended class regarding what we covered. This is your responsibility. If you miss class, I will not go over the material with you on an individual basis.

ATTENDANCE POLICIES: Attendance and active participation are important. Make efforts to obtain material from any classes that must be missed. Advance arrangements must also be made if adjustments are requested for exam deadlines. If you are required to
miss an exam date due to business travel, jury duty, military service, hospitalization, or university business, documentation must be provided and arrangements must be made to take the exam prior to the exam date. Also, please remember that university and government financial policy requires that students be withdrawn from any class that they fail to attend regularly. Therefore, if you have legitimate reasons for missing some classes (due to health or related reasons), it is important to let me know. Please also refer to the university guidelines on limitations of class withdrawals for graduate students.

COURSE REQUIREMENTS

Evaluation:

First Exam* (Monday, June 25th)                           25%
Second Exam* (Wednesday, July 19th)                25%
Assigned Case/Chapter Presentation [see presentation schedule             10%
On Ulearn]
Comprehensive Final Exam** (Wed., July 25th at 7:00-9:30pm) 40%

*Chapters covered from primary text in course. As well as all other course materials - articles, readings, etc.

**You must take the final exam at the university scheduled time.

Grade Scale
Exams are graded in a scale from 0 to 100%. The conversion to letter grades is the following:

<table>
<thead>
<tr>
<th>Course Grade</th>
<th>Required (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A+</td>
<td>95-100</td>
</tr>
<tr>
<td>A</td>
<td>90-94</td>
</tr>
<tr>
<td>A-</td>
<td>87-89</td>
</tr>
<tr>
<td>B+</td>
<td>84-86</td>
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<tr>
<td>B</td>
<td>81-83</td>
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<tr>
<td>B-</td>
<td>77-80</td>
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<tr>
<td>C+</td>
<td>75-76</td>
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<tr>
<td>C</td>
<td>70-74</td>
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<tr>
<td>C-</td>
<td>67-69</td>
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<tr>
<td>D</td>
<td>60-66</td>
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<tr>
<td>F</td>
<td>≤ 59</td>
</tr>
</tbody>
</table>

The above grading scale will be enforced during this course. After your post-final exam course grade has been rounded, there will be no grade bumps given. This means if your post-final, overall course grade when rounded at the end of the course is an 89 your grade will be an 89. You get what you earn.
Important Notes on Examinations and the Syllabus:

1. **NO MAKE-UP EXAMS** will be given without a provided documented medical excuse [or any other official documentation that substantiates the need for you to miss an examination—for example: jury duty, military leave, business travel, family death, hospitalization, official travel for the University]. Contact me immediately by phone and email if an event arises that will cause you to miss an exam #1 or #2.

   If a make up is allowed, the type of the exam will be at the discretion of the instructor and will only be made-up during posted office hours only. All exam dates (including the final exam) are posted in this syllabus. Any make-up exam given must be made-up within one week of the official examination date. Non-adherence to this requirement will result in a grade of 0 for the assessment.

   **No make-up final exams will be given under any circumstance.** Should you need to take your final exam early, due to jury duty, military leave, business travel, etc, please see me following EXAM 1 in the course.

2. There may be revisions to the syllabus during the course. Make sure that you get informed about any changes that may take place. Check often your email inbox on Ulearn for the course.

3. Classes will be informal lectures and most of the theory and models will be explained using graphical analysis and math.

**CASE/CHAPTER PRESENTATION**

Each student will also be assigned a case or chapter to focus on and lead the class discussion for that day (10%). Student assignments to cases will be made no later that June 8th and can download the case assignment list from Ulearn. Delivery of assignment will begin the week June 11th. If you need assistance in advance your presentation and how to effectively lead a class discussion on a case please make an appointment to meet with me. I am available on weekends if given ample notice.

The overall goal of having a student(s) lead class discussion of a case analysis is to test the student’s overall effective working knowledge of the case subject, case materials, and application of qualitative and quantitative principles as related to IO. Students should prepare a desirable formatted presentation that will assist in an effective deliverability of case content, be engaging to the class in the form of created questions and allow for the reciprocation of questions through class discussion.

In a nutshell, each student (PhD, MA, MBA) is preparing a mini lecture/presentation for their colleagues/classmates. Although each of us is addressing an audience of academics in the classroom, your desired target audience are business and industry professionals that encounter these topics on a regular basis. Treat this class/course as a think tank on IO issues.
General presentation guidelines are provided in a folder on Ulearn. Guidelines will include time limitations (as more than 1 student would lead a class discussion in a given class period). Class participation is important and serves as a “tie-breaker” if exams result in a borderline grade that is 1 point or less away from the next best +/- letter grade.

### Other Important Course Notes

1. This course syllabus provides a general plan for the course; deviations may be necessary.
2. Georgia State University complies with Section 504 of the Rehabilitation Act and the Americans with Disabilities Act. Students with disabilities who seek academic accommodations must first take appropriate documentation to the Office of Disability Services located in Suite 230 of the new Student Center.
3. If you require special accommodations for exams (e.g., "time and a half"), you must provide documentation from GSU Disability Services¹ and make arrangements with me at least two days before the first exam.
4. Incompletes will only be given to students who are passing the course, and even then, only in very special circumstances. In the case where an incomplete is awarded, it must be removed by the end of the next term that the student is enrolled (and within two terms regardless of whether or not the student is enrolled) or it will automatically turn into an F.
5. Students who withdraw after the midpoint of each term will not be eligible for a "W" except in cases of hardship. A student who withdraws after the midpoint of the term is assigned a grade of "WF," except in those cases in which (1) hardship status is determined by the Office of the Dean of Students² because of emergency employment, or health reasons, and (2) the student is doing passing work, as determined by the student's instructor(s).
6. Effective Fall 2001, all instructors must, on a date after the mid-point of the course (to be set by the Provost) give a WF to all those students who are on their rolls, but no longer taking the class and report the last day the student attended or turned in an assignment. If you plan to drop the class, let me know.
7. June 29th is the last day to withdraw and possibly receive a “W”.
8. Statement: “Your constructive assessment of this course plays an indispensable role in shaping education at Georgia State. Upon completing the course, please take time to fill out the online course evaluation”.
9. Statement: “Students who wish to request accommodation for a disability may do so by registering with the Office of Disability Services. Students may only be accommodated upon issuance by the Office of Disability Services of a signed Accommodation Plan and are responsible for providing a copy of that plan to instructors of all classes in which an accommodation is sought”.

This course syllabus provides a general plan for the course; deviations may be necessary.

¹ See [http://www2.gsu.edu/~wwwods/](http://www2.gsu.edu/~wwwods/)
² See [http://www.gsu.edu/~wwwdos/](http://www.gsu.edu/~wwwdos/)
Important Dates:

06/04/12 - Summer Starts
06/08/12 - Last Day to add/drop classes
06/29/12 - Last day to Withdraw (http://www.gsu.edu/registrar/withdrawals.html for details)
07/04/12 – Independence Day (University Official Holiday – no classes)
07/23/12 – Last day of 7 week courses
07/24 – 07/28/12 – Finals for 7 week courses
07/31/12- Grades are Due by 5 pm.

Course Outline:

This is a preliminary syllabus. I am likely to make a few changes to the syllabus as we make progress during the semester. These will be conveyed to you via emails sent thru the Ulearn site and announced in class. It is your responsibility to stay updated with class lectures and postings on Ulearn.

It is your responsibility to make sure your email is working and the inbox is not full so that you can receive emails and attachments.

A. Foundations (I will move quickly through these sequence of chapters as a lot of it is fairly basic)

Ch.1: Industrial Organization: What, How and Why? (Read this material yourself.)

Ch.2: Some Basic Microeconomic Tools.

(Ch.3: Market Structure and Market Power.

Ch.4: Technology and Cost. (The initial part of this material is similar to 2106. Plus it introduces several key concepts we’ll use repeatedly during the semester.)

B. Monopoly Power in Theory and Practice

Ch 5: Price Discrimination: Linear Pricing

Ch 6: Price Discrimination Non-Linear Pricing

Ch 7: Product Variety Under Monopoly

Ch 8: Commodity Bundling and Tie-in Sales
C. Game Theory and Oligopoly Markets

Ch.9: Static Games and Cournot Competition.

Ch.10: Price Competition.

Ch.11: Dynamic Games and First and Second Movers.

D. Anticompetitive Strategies

Ch.12: Limit Pricing and Entry Deterrence. (Pages will be announced later.)

Ch 13: Predatory Conduct

Ch 14: Price Fixing and Repeated Games

Ch.15: Collusion in Practice.

E. Contractual Relations Between Firms & Non Price Competition

Ch 16: Horizontal Mergers

Ch 17: Vertical and Conglomerate Mergers

Ch 20 and 21: Advertising, Market Power, Competition and Brand Equity

Ch 22: Research and Development

Ch 23: Patents and Patent Policy

General Comments

As noted in the syllabus, we will use basic calculus and algebra in the course. I expect everyone to be familiar with the concepts as I will not cover them in class.

To get a perspective of the level of difficulty of the course, please see the material in Chapters 9-11.

While this may not seem like a lot of material, for actual classroom teaching and tests, this material will be the focal point in deriving equilibrium outcomes related to firms' prices, quantities, profits, investments, and R&D expenditures.
In terms of the back-of-chapter problems, you will not be required to turn them in. If you do the problems and get the solutions right on your own, the chances of doing better on the tests will be improved. As we cover the chapters, I will inform you of which problems you should focus on in particular.