

## **ECON 3S03 – C01: Industrial Organization**

**Winter 2020**

**Instructor:** Maxim Ivanov

**Email:** mivanov@mcmaster.ca

**Office:** 408 KTH

**Office Hours:** TBA

**Lecture:** Monday 7:00PM – 10:00PM in LS B130E

**TA:** Sergei Filiasov

**TA Email:** filiasos@mcmaster.ca

**TA Office:** 118 KTH

**TA Office Hours:** TBA

### **COURSE DESCRIPTION**

This course is an introduction to theoretical industrial organization.

### **PREREQUISITES**

ECON 2G03, 2Z03 or ECON 2X03.

Antirequisite: ECON 3N06

### **COURSE OBJECTIVES**

This course studies organization of firms, industries, and markets. Industrial organization analyzes the acquisition and use of market power by firms, strategic interactions among firms, and the role of government policies in various types of markets. It investigates firms' decisions with respect to prices, quantity and quality, product variety, advertising, collusion, entry and exit. As the main instruments, the course uses basic microeconomics and game theory.

### **CLASS FORMAT**

In Person, Lecture

### **COURSE MATERIALS AND TEXTS**

- Textbooks (optional):  
Dennis W. Carlton, Jeffrey M. Perloff, *Modern Industrial Organization*, 4th Edition (2005), Pearson/Addison Wesley.  
Oz Shy, *Industrial Organization: Theory and Applications* (1996), The MIT Press.

### **AVENUE TO LEARN**

Students should be aware that, when they access the electronic components of this course, private information such as first and last names, user names for the McMaster e-mail accounts, and program affiliation may become apparent to all other students in the same course. The available information is dependent on the technology used. Continuation in this course will be deemed consent to this disclosure. If you have any questions or concerns about such disclosure please discuss this with the course instructor.

## **COURSE EVALUATION – OVERVIEW**

1. Mid-term Exam 1 – 30%
2. Mid-term Exam 2 – 30%
3. Final Exam – 40%

## **COURSE EVALUATION – DETAILS**

### ***Mid-term Exams***

There will be two mid-term in-class exams. Each mid-term exam is worth 30% of your final grade. The dates of the mid-term exams are:

**February 3** and **March 2**.

### ***Final Exam***

The final exam is administered during the final exam week and is comprehensive. The final exam is scheduled by the Registrar and missed final exams will be dealt with under the Registrar's rules.

## **COURSE POLICIES**

### ***Grades***

The grades are based on the **cumulative distribution of scores** at the end of the semester with the following percentiles:

**A – 35-40%,**

**B – 25-30%,**

**C – 20-25%,**

**D – 5-10%,**

**F – 5-10%.**

**NOTE: The grading scheme is fixed. All requests about changing it, for example, using the standard grading system, reallocating the weights of exams, dropping the lowest score, providing extra work, etc. will be DISREGARDED.**

### ***Grade Adjustment Techniques***

The above grade percentiles are **approximate**. “+”s, “-”s, and minor adjustments (for example, because some students drop the class before the end of the semester, many students receive similar scores, etc.), if needed, **will be taken into account at the end of the semester**.

### ***Absences, Missed Work, Illness (MSAF)***

If you have a valid and verified reason not to take the midterm exam, you must notify the instructor within the time frame specified by the university policies. In this case, the weight of the missed work will be applied to your final exam. Because the weight of each mid-term exam is 30%, in the case of missing the mid-term exam you must come the Faculty Office and submit supporting documentation. Filling up the MSAF form only is NOT enough for missing mid-term exams.

### ***Where to Get Help***

The instructor's office hours are TBA or by appointment in 408 KTH.

## **UNIVERSITY POLICIES**

### ***Academic Integrity Statement***

You are expected to exhibit honesty and use ethical behavior in all aspects of the learning process. Academic credentials you earn are rooted in principles of honesty and academic integrity.

Academic dishonesty is to knowingly act or fail to act in a way that results or could result in unearned academic credit or advantage. This behavior can result in serious consequences, e.g. the grade of zero on an assignment, loss of credit with a notation on the transcript (notation reads: "Grade of F assigned for academic dishonesty"), and/or suspension or expulsion from the university.

It is your responsibility to understand what constitutes academic dishonesty. For information on the various types of academic dishonesty please refer to the [Academic Integrity Policy](#).

The following illustrates only three forms of academic dishonesty:

1. Plagiarism, e.g. the submission of work that is not one's own or for which credit has been obtained.
2. Improper collaboration in group work.
3. Copying or using unauthorized aids in tests and examinations.

### ***Academic Accommodation of Students with Disabilities***

Students who require academic accommodation must contact Student Accessibility Services (SAS) to make arrangements. Academic accommodations must be arranged before classes or academic work begins, and for each term of study. Student Accessibility Services can be contacted by phone 905-525-9140 ext. 28652 or e-mail [sas@mcmaster.ca](mailto:sas@mcmaster.ca). For further information, consult McMaster University's Policy for [Academic Accommodation of Students with Disabilities](#).

### ***Academic Accommodation for Religious, Indigenous and Spiritual Observances***

Students who require academic accommodation due to an Observance must submit a RISO form to their Faculty office, electronically or in person, normally within ten working days from the beginning of each term in which they are anticipating a need for Accommodation. For further information, consult McMaster University's [Policy on Academic Accommodation for Religious, Indigenous and Spiritual Observances](#).

### ***Faculty of Social Sciences E-mail Communication Policy***

Effective September 1, 2010, it is the policy of the Faculty of Social Sciences that all e-mail communication sent from students to instructors (including TAs), and from students to staff, must originate from the student's own McMaster University e-mail account. This policy protects confidentiality and confirms the identity of the student. It is the student's responsibility to ensure that communication is sent to the university from a McMaster account. If an instructor becomes aware that a communication has come from an alternate address, the instructor may not reply at his or her discretion.

### **Course Modification**

The instructor and university reserve the right to modify elements of the course during the term. The university may change the dates and deadlines for any or all courses in extreme circumstances. If either type of modification becomes necessary, reasonable notice and communication with the students will be given with explanation and the opportunity to comment on changes. It is the responsibility of the student to check his/her McMaster email and course websites weekly during the term and to note any changes.

### **WEEKLY COURSE SCHEDULE (TENTATIVE) AND/OR IMPORTANT DATES**

Week 1: January 6 – 12

Topic: Overview. The Firm and Costs

Readings: Chapter 1, 2

Week 2: January 13 – 19

Topic: Competition

Readings: Chapter 3

Week 3: January 20 – 26

Topic: Monopolies

Readings: Chapter 4

Week 4: January 27 – February 2

Topic: Oligopoly

Readings: Chapter 6

Week 5: February 3 – 9

Topic: Mid-term Exam 1

Week 6: February 10 – 16

Topic: Product Differentiation

Readings: Chapter 7

Week 7: February 17 – 23

Mid-term Recess

Week 8: February 24 – March 1

Topic: Product Differentiation

Readings: Chapter 7

Week 9: March 2 - 8

Topic: Mid-term Exam 2

Week 10: March 9 - 15

Topic: Price Discrimination

Readings: Chapter 9

Week 11: March 16 - 22

Topic: Price Discrimination

Readings: Chapter 9

Week 12: March 23 - 29

Topic: Advanced Topics in Pricing

Readings: Chapter 10

Week 13: March 30 – April 5

Topic: Information

Readings: Chapter 13