

Professor Federico Ciliberto
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University of Virginia
Department of Economics

Fall Semester 2018
Office Hours: In my office
T, 1:15pm-3:15pm

ECON 4190: Industrial Organization

Course Description: Studies market structure, firm strategy, and market performance. Topics include strategic interactions among firms, as well as business practices such as mergers and acquisitions, price discrimination, advertising, product selection, cartels, and exclusionary conduct. Students are required to have taken or currently be taking Economics 301 (Intermediate Microeconomics) or 311 (Mathematical Microeconomics). Knowledge of the material covered in Math 122 is recommended. Calculus will be used extensively in the course.

Method of Evaluation: Participation (5%), Homework Assignments (15%), First Midterm (20%), Second Midterm (25%), Final (35%).

Discussion Sections: We will hold discussion sections on **Mondays**. The discussion sections are an integral part of the course, and we expect you to attend. We will use the sections to expand on ideas presented in the text and in the lectures, to present new material, to discuss homework problems, and to provide an opportunity for you to ask questions about anything that you would like clarified. Each of you must sign up for a TA section.

Examination Policies and Dates:

First Midterm Examination: September 25, 2018 in Class.

Second Midterm Examination: October 30, 2018 in Class.

Final Examination, *to be held in usual classroom:*

Section 930-1045: December 10, 2018, 14:00pm-17:00pm.

Section 1100-1215: December 18, 2018, 09:00am-12:00pm.

No makeups for the midterms will be given. We will accept excuses for absences only if they are communicated **before** the exam date. We will accept excuses for absences from exams only in real cases of illness with verification from a doctor or the student health care center. In that case we will weigh scores from the remaining exams as follows: 30% from the midterms taken and 70% for the final examination. If an absence from a midterm is unexcused, we will record a score of zero for that exam.

The only case in which we will accept excuses for absences from exams **after** the day of the exam is if you are involved in a major medical emergency: in such a case you must provide us with the documentation from the hospital – documentation from the student health center **will not be accepted** in this extreme case. The grade for an unexcused absence from an exam is 0.

Textbook: We will be using *Industrial Organization: Markets and Strategies*, by Paul Belleflamme and Martin Peitz, the latest edition.

A Word on the Homework:

We will hand out a weekly homework, usually on **Thursdays**. We allow collaboration on homework assignments, and **encourage you to work in study groups of at most 4 students**.

You should turn one **assignment** for each study group. You cannot turn in photocopies of the assignment. We will **not accept late assignments**.

A Word on the Midterm and Final Exams.

Each exam will have one question which is identical to one question in the homeworks.

A Word on Participation in the Class.

Attendance to lectures is optional but will count for the participation grade. I will call students randomly. If I call your name more than *two* times (# of times called without answer ≥ 2) without getting a response, then I will start taking off points, one point at a time, from your participation grade for additional times your name is called and you do not answer. Furthermore, if you are late and I note it, I will take one point off. Any disruptive behavior (e.g. reading a book during the lecture) would result in a lower participation grade.

Office Hours of TAs.

Megan Miller; Wednesday 2:00pm-4:00pm, Monroe Hall Basement.

Hasan Toprak; Monday 3:30pm-4:30pm, Monroe Hall Basement.

Honor Policy.

I trust every student in this course to fully comply with all of the provisions of the UVa Honor System. By enrolling in this course, you have agreed to abide by and uphold the Honor System of the University of Virginia.

- All graded assignments must be pledged, including the homework.
- You may not access any old problem sets, old exams, answer keys without my explicit permission.
- When given permission to collaborate with others, do not copy answers from another student.
- Always cite any resources or individuals you consult to complete an assignment.
- All suspected violations will be forwarded to the Honor Committee and at my discretion, you may receive an immediate zero on that assignment regardless of any action taken by the Honor Committee.

Please let me know if you have any questions regarding the course honor policy.

If you believe you may have committed an Honor Offense, you may wish to file a Conscientious Retraction (“CR”) by calling the Honor Offices at (434) 924-7602. For your retraction to be considered valid, it must, among other things, be filed with the Honor Committee before you are aware that the Act in question has come under suspicion by anyone. More information can be found at www.virginia.edu/honor.

Reading Assignments:

Date	Material	Chapters in Bellaflamme and Peitz
August 28, 30	Class Introduction & Review of Perfect Competitive Models, and Monopoly	Chapter 1 and 2
September 4, 6	Basics of Product Differentiation: Hotelling and Salop Models	From Parts of Chapter 2 and 3
September 11, 13, 18	Static and Dynamic Imperfect Competition	Chapter 3,4
<i>September 20</i>	<i>Buffer Class / Review Session in Class</i>	
September 25	Midterm I	Bellaflamme and Peitz Chapters 1, 2, 3, 4
September 27, October 2	Product Differentiation	Chapter 5
October 4, October 11	Advertising and related marketing strategies	Chapter 6
<i>Reading Days – October 9 - No Class</i>		
October 16, 18	Cartels and tacit collusion	Chapter 14
October 23, 25	Horizontal Mergers	Chapter 15
October 30	Midterm II	Bellaflamme and Peitz Chapters 1, 2, 3, 4, 5, 6, 14, 15
November 1, 6, 8	Group Pricing and personalized pricing	Chapter 8
November 13, 15	Menu pricing	Chapter 9
<i>November 20</i>	<i>Buffer Class / Review Session in Class</i>	
<i>Thanksgiving –November 22 – No Class</i>		
November 27, 29, December 4	R&D and Intellectual Property, Intellectual Property	Chapters 18,19
December 6	<i>Buffer Class / Review Session in Class</i>	
See above	Final Examination	Coverage of Bellaflamme and Peitz, Chapter 1, 2, 3, 4, 5, 6, 8, 9, 14, 15, 18, 19