## ECON 305: INDUSTRIAL ORGANIZATION

### ST. LAWRENCE UNIVERSITY

#### Fall 2015

**Instructor:** Dr. Nicholas Janusch  
**Email:** njanusch@stlawu.edu  
**Office:** Hepburn 17  
**Phone:** (315) 229-5264

**Class website:** Sakai  
**Office hours:** Tues 4:00-5:00, Wed 3:00-5:00

**Lectures:** TR 8:30-10:00 am, Hepburn 21

### TEXTBOOK & READINGS


Selected Readings (Available on Sakai)

### COURSE DESCRIPTION (FROM CATALOG)

A theoretical and empirical analysis of the structure, conduct and performance of American industry. Emphasis is placed on the use of microeconomic theory to analyze the effects of public policies on market incentives and resource allocation. Topics include theories of the firm, monopolization, mergers, antitrust law, price fixing, price discrimination and other contemporary problems.

### LEARNING OBJECTIVES

By the end of the semester you should be able to understand how firms compete over prices, non-price strategies and innovations, to judge the welfare effects of these competitions and of government interventions and to apply the theoretical models to real-world industries and markets.

### PREREQUISITES

Economics 200 (Quantitative Methods in Economics)  
Economics 251 (Intermediate Microeconomic Theory)

### HOMEWORK

You will be given five homework assignments. The assignments and solutions will be posted on Sakai. See course outline for due dates.

Working in groups is encouraged but the final product on specified questions must be your own work. **No late homework will be accepted.**
Early in the semester you will be assigned into groups of two where each group will be the “expert” representatives of a given oligopoly industry throughout the semester. An oligopoly industry is one in which the market is dominated by a small number of large firms. The final writing assignment is for you and your partner to conduct an industry study of your oligopoly industry. Industry representatives may also be asked during class to contribute their industry’s background information to course lectures and classroom discussions. No two groups can have the same industry and no group can select beer as their industry. The selection of industries will be done in class and the order of groups selecting will be determined using a random process.

Throughout the semester you will be asked (probably through a question in several of the homework) to write several short papers with your group member. Combining these papers and assignments into one readable paper entails the final writing assignment. More details of the writing assignment will be provided on Sakai.

The final writing assignment should be eight to twelve pages long (2000 to 2500 words) and should consist primarily of economic analysis based on what you have learned in class. You may include graphs in the paper. A complete list of references (APA style) should be included at the end of the paper. Footnotes are to be included as needed. Your textbook should be one of your main references. On-line plagiarism checking tools will be used to check your paper for plagiarism.

The paper is due (both a print and an electronic copy) Thursday, December 10 at 4:00 p.m. Late submissions will lose 10% of the points within the first 24 hours of the time it is due, 20% between 24 and 48 hours, etc. including weekends.

Possible industries (except for Beer):
- Airline industry
- Computer game systems
- Oil refining
- Microprocessor chips
- Soft drinks
- Smartphone manufacturing
- Motion picture production
- Automobile manufacturing
- Eyewear
- Fast food franchisors
- Computer manufacturing
- Rental cars
- Banking
- Health insurance
- Long-distance telecommunications
- Cigarettes
- General freight trucking
- Railroads
- Large kitchen appliances
- Discount department stores
- Television service
- Pharmaceutical manufacturing
- Breakfast cereal
**EXAMS**

Exams are comprised of multiple choice, essay, and problems. Everybody has to take each exam during class time. No exceptions!

- **MIDTERM:** Tuesday, October 13 (in class)
- **FINAL (Rescheduled):** 6:00-7:30 pm Monday, December 14 (Room TBD)

*The Final will NOT be Thursday December 17th!*

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**ATTENDANCE**

We are all adults here. Attendance is not evaluated but is expected and strongly recommended. Missing class may result in losing the opportunity to make (small amounts of) extra credit points. Please silence your cell phones and similar devices before class! Please avoid texting or checking and updating your social network during class. It is rude to me and others if I see you do it, so let us try to act professionally.

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**FOCUS QUESTIONS AND IN-CLASS EXPERIMENTS**

There will be focus questions every Tuesday (except October 13). Focus questions are a few simple questions about an assigned reading and/or about lectures from the week before. There will be 13 sets of focus questions worth 7 points each, the 3 lowest of which will be dropped.

There will be a few in-class experiments in which you can earn (small amounts of) extra-credit points.

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**CLASSROOM PARTICIPATION**

Classroom participation will be evaluated by your engagement in classroom discussions.

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**CHEATING AND ACADEMIC DISHONESTY**

Don’t do it! All students are expected to adhere to the academic honor policy outlined in the Constitution of the Academic Honor Council. An online copy of the constitution can be found at [http://www.stlawu.edu/sites/default/files/resource/AcademicHonorPolicy.pdf](http://www.stlawu.edu/sites/default/files/resource/AcademicHonorPolicy.pdf)

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**ACCOMMODATIONS FOR STUDENTS WITH DISABILITIES**

If you have a disability and need accommodations please be sure to contact the Disability and Accessibility Services Office (x5537) right away so they can help you get the accommodations you require. If you will need to use any accommodations in this class, please talk with me within the first two weeks of the semester so you can have the best possible experience this semester. Although not required, I would like to know of any accommodations that are needed at least 10 days before a quiz (focus question) or exam, so please see me soon. For more specific information visit the DASO website [http://www.stlawu.edu/disability-and-accessibility-services](http://www.stlawu.edu/disability-and-accessibility-services)
There are a total of 400 points available for the course and your final grade will be determined as follows:

<table>
<thead>
<tr>
<th>Grade</th>
<th>Percent</th>
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<tbody>
<tr>
<td>4.0</td>
<td>95-100</td>
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<tr>
<td>3.75</td>
<td>91-94</td>
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<tr>
<td>3.0</td>
<td>82-84</td>
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<td>2.75</td>
<td>79-81</td>
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<td>2.5</td>
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<td>2.25</td>
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<td>70-72</td>
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<tr>
<td>1.75</td>
<td>67-69</td>
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<td>1.5</td>
<td>64-66</td>
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<td>55-60</td>
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<td>0-54</td>
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Your final grade will be calculated from the grades posted on Sakai. It is your responsibility to check the grades posted on Sakai to make sure they are correct. Your grade will be determined as stated in this syllabus, not as Sakai calculates for you.

*Grading scale is subject to change.*
SELECTED READINGS
(POSTED ON SAKAI)


*Readings list is subject to change*
<table>
<thead>
<tr>
<th>Course Outline*</th>
<th>Tues.</th>
<th>Thurs.</th>
<th>Pepall et al. (Tentative)</th>
<th>McMillan (Tentative)</th>
<th>Additional Readings</th>
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<tbody>
<tr>
<td>Week 1 (8/27)</td>
<td></td>
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<td>1</td>
<td>Preface</td>
<td>Exchange</td>
</tr>
<tr>
<td>Week 2 (9/1 and 9/3)</td>
<td>FQ 1</td>
<td>ICE 1</td>
<td>2</td>
<td>1, 2</td>
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<td>Week 3 (9/8 and 9/10)</td>
<td>FQ 2</td>
<td>HW 1</td>
<td>2, 3</td>
<td>5, 10</td>
<td>Diamonds</td>
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<td>Week 4 (9/15 and 9/17)</td>
<td>FQ 3</td>
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<td>3, 4</td>
<td>8, 13</td>
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<td>Week 5 (9/22 and 9/24)</td>
<td>FQ 4</td>
<td>HW 2</td>
<td>4, 5</td>
<td>3</td>
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<td>Week 6 (9/29 and 10/1)</td>
<td>FQ 5</td>
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<td>6, 7</td>
<td>7</td>
<td>Beer</td>
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<td>Week 7 (10/6 and 10/8)</td>
<td>FQ 6</td>
<td></td>
<td>8, 9</td>
<td>14</td>
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<td>Week 8 (10/13 and 10/15)</td>
<td>Midterm</td>
<td>No Class</td>
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<td>Week 9 (10/20 and 10/22)</td>
<td>FQ 7</td>
<td>HW 3</td>
<td>9, 10</td>
<td>11</td>
<td>Lodging</td>
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<td>Week 10 (10/27 and 10/28)</td>
<td>FQ 8</td>
<td>ICE 2</td>
<td>11, 14</td>
<td>4, 12</td>
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<td>Week 11 (11/3 and 11/5)</td>
<td>FQ 9</td>
<td>HW 4</td>
<td>15, 16</td>
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<td>Week 12 (11/10 and 11/12)</td>
<td>FQ 10</td>
<td></td>
<td>17, 18</td>
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<td>Week 13 (11/17 and 11/19)</td>
<td>FQ 11</td>
<td>ICE 3</td>
<td>19</td>
<td>6</td>
<td>Gift Cards</td>
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<td>Thanksgiving Break</td>
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<td>Week 14 (12/1 and 12/3)</td>
<td>FQ 12</td>
<td>HW 5</td>
<td>20</td>
<td>9</td>
<td>Gift Cards--Empirical</td>
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<td>Week 15 (12/8 and 12/10)</td>
<td>FQ 13</td>
<td>WA Due</td>
<td>22</td>
<td>17</td>
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<td>Finals Week</td>
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<td>Final Exam: Monday, December 14, 6:00 pm – 7:30 pm</td>
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*Subject to change based on the needs of the class

FQ = Focus Questions; HW = Homework Assignment; WA = Writing Assignment; ICE = In-class Experiment