

Government & Business
Meeting Times: MWF 1:50 - 2:45pm
Location: Baker Systems 120

Instructor: Kirby Nielsen

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Or by appointment

Grader: Sayoudh Roy

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Course Information

This course studies the theory of Industrial Organization, which is the study of firm and market structures. We will cover the economic and legal aspects of government regulation of business in the United States. We will learn about the nature and failures of competition in the market, as well as current economic, legal, and policy issues in the area of antitrust and industrial organization.

Course Prerequisites

Principles of Microeconomics: ECON 2001.01, 2001.02, or 2001.03H, or equivalent. This course is not open to students with credit for ECON 5700. Students planning to take 5700 are encouraged to take it instead of 4700.

Required Textbook

“Industrial Organization: Theory and Practice”
Don E. Waldman and Elizabeth J. Jensen
4th Edition, Pearson, ISBN: 0-13-277098-9

Older editions of the textbook are acceptable, but you will be responsible for comparing the information to the 4th edition. Practice problems will often come from the textbook, and you will be responsible for the problems I assign from the 4th edition. I will reserve a copy of the textbook in the library.

Course Material

This course will use a mixture of lecture slides and notes written on the board. Lecture slides will be posted on Carmen, but notes from the board will only be presented in class.

Carmen

I will post assignments and announcements on Carmen, so you are responsible for keeping up with the material posted online. I will send out email announcements via Carmen, so you're also responsible for checking your email.

Grades

Participation

I reserve the right to take attendance randomly, which can account for up to 5% of your grade. I will also keep track of students who participate in class (i.e. asking questions, volunteering answers to example problems, etc.) which can account for another 5% of your grade.

Midterm Exams

There will be 2 midterm exams, each worth 25% of the course grade. The midterm exams are not cumulative. See “Important Dates” for the dates of the midterm exams.

Final Exam

There will be a cumulative final exam, worth 40% of the course grade. See “Important Dates” for the date of the final exam.

Course Grade

There are, potentially, two ways your course grade could be determined. The first is standard, based on the percentages described above. In addition, there’s an option for your grade to be determined solely by your Final Exam score and Participation. If you struggle at the beginning of the course or have a bad day on a Midterm, you can improve for the Final and redeem your course grade. HOWEVER, this option is only available to those students who have at least 70% participation points. So if you attend and participate in class, you will have both options available to you. We will automatically take the higher of the two scores. This policy rewards improvement and it can only help you.

Option 1 (standard): $(0.25)\text{Midterm 1} + (0.25)\text{Midterm 2} + (0.40)\text{Final} + (0.10)\text{Participation}$

Option 2 (final only): $(0.90)\text{Final} + (0.10)\text{Participation}$

Exam Policies

You are allowed to use any *handwritten* notes on the exams. They must be your own (e.g. no copies of another student’s notes, no notes printed from online, no books, etc.) You are also not allowed to use printed lecture notes. I reserve the right to check your notes at any time during the exam, and I will confiscate them if they do not fit these guidelines. Using unapproved notes constitutes Academic Misconduct and you will be reported.

I allow you to use notes because I want to test your understanding of the material rather than your memorization. However, this means that the exam questions will require more than just regurgitation of the lecture notes. Prepare accordingly.

If you miss one of the midterm exams, there will be no make-up exams. You will receive the score of the second midterm in place of the first, or the score of the final in place of the second midterm. If you have to miss the final, you’ll need documentation of a valid excuse and you can take a make-up final later.

Extra Credit

There will be practice problems assigned every week to review the material covered in class. You do not need to turn in these problems. However, if you complete ALL of the practice problems throughout the semester, you can turn them in and receive 5 extra credit points added onto your final exam score. These 5 points will add directly onto your final exam percentage score.

You must complete these practice problems ON YOUR OWN. You are encouraged to discuss the problems with classmates, but the final write-up must be your own. Turning in extra credit which violates these guidelines constitutes Academic Misconduct.

I encourage you to keep up with the practice problems every week rather than waiting to do them all at the end of the semester. This will help you identify the material you don't understand, and will help your performance on the midterms. The practice problems are a good indication of the types of questions you will see on exams.

Grading Scale

This course will not be curved, so your grade will be determined entirely by your participation, the points you earn on the exam(s), and the chance for extra credit.

A [94-100]	C+ [70-74.9]
A- [90-93.9]	C [65-69.9]
B+ [85-89.9]	C- [60-64.9]
B [80-84.9]	D [50-59.9]
B- [75-79.9]	E [0-49.9]

Outside Help

Economics Learning Center

The Department of Economics runs the Economics Learning Center, where advanced undergraduates provide free tutoring for students in Economics 2001, 2002, 4001, and 4002. Assistance with other classes is frequently available. The Economics Learning Center is located in 311 Arps Hall (1945 North High Street) and is typically open from 9AM-5PM Monday-Friday starting the second (full) week of the quarter.

Important Dates

January 16: No Class (MLK Day)
February 15: Midterm 1 (subject to change with announcement)
March 13-17: No Class (Spring Break)
April 5: Midterm 2 (subject to change with announcement)
May 2: Final Exam (4:00pm)

Course Schedule

We will try to get through all of the following material, but you are only responsible for the content covered in lecture.

Chapter 1: Introduction
Chapter 2: The Firm and Its Costs
Chapter 3: Competition and Monopoly
Chapter 4: Market Structure
Chapter 5: Monopoly Practices
Chapter 6: Empirical Industrial Organization
Chapter 7: Game Theory: A Framework for Understanding Oligopolistic Behavior
Chapter 8: The Development of Theory
Chapter 9: Collusion: The Great Prisoner's Dilemma
Chapter 10: Cartels in Action
Chapter 11: Oligopoly Behavior: Entry and Pricing to Deter Entry
Chapter 12: Oligopoly Behavior: Entry and Nonpricing Strategies to Deter Entry
Chapter 13: Product Differentiation
Chapter 14: Advertising
Chapter 15: Technological Change and Research and Development
Chapter 16: Price Discrimination
Chapter 17: Vertical Integration and Vertical Relationships
Chapter 18: Regulation and Deregulation

Academic Misconduct

It is the responsibility of the Committee on Academic Misconduct to investigate or establish procedures for the investigation of all reported cases of student academic misconduct. The term “academic misconduct” includes all forms of student academic misconduct wherever committed; illustrated by, but not limited to, cases of plagiarism and dishonest practices in connection with examinations. Instructors shall report all instances of alleged academic misconduct to the committee (Faculty Rule 3335-5-487). For additional information, see the Code of Student Conduct.

Faculty rules require me to report any instance of academic misconduct to the Committee on Academic Misconduct. I will report you if you engage in suspicious behavior. Ignorance of the rules and mores regarding plagiarism and academic misconduct is no excuse. See the following website for some suggestions about preserving academic integrity: <http://oaa.osu.edu/coamtenuggestions.html>

Disability Services

The University strives to make all learning experiences as accessible as possible. If you anticipate or experience academic barriers based on your disability (including mental health, chronic or temporary medical conditions), please let me know immediately so that we can privately discuss options. You are also welcome to register with Student Life Disability Services to establish reasonable accommodations. After registration, make arrangements with me as soon as possible to discuss your accommodations so that they may be implemented in a timely fashion. SLDS contact information: slds@osu.edu; 614-292-3307; slds.osu.edu; 098 Baker Hall, 113 W. 12th Avenue.