

ECP4403: Industrial Organization; Section U01

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Office Hours:

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Monday 2:00-2:45	Zoom: https://fiu.zoom.us/j/5357703184	Office: DM 312 (MMC)
Wednesday 2:00-2:45	Zoom: https://fiu.zoom.us/j/5357703184	Office: DM 312 (MMC)
No office hours on Martin Luther King Day and during Spring Break. No office hours after Saturday, April 20.		

I will be available in my office and also in my virtual office room via Zoom for office hours.

Course Description and Purpose

In this class we will study the market and industry structure in imperfect markets such as monopolies and oligopolies. We will analyze the causes of **firms' business strategies and conduct under different industry settings in imperfect markets, the welfare effects of such firm behaviors, and the role of antitrust law in these settings**. By the end of the course you will be able to understand and analyze the causes and consequences of firms' strategic behavior and policy makers' responses and regulations to such actions.

Course Objectives

At the end of this course, you will be able to:

- Identify the determinants of industry structure and measuring market power.
- Model the monopolists' behavior and determine the optimal pricing strategies of monopolies or firms with market power and calculate the effects of such strategies on society's welfare.
- Comparing and deciding on the optimal government action to regulate monopoly markets.

- Model strategic interaction in oligopoly markets and evaluate the welfare effects of firms' strategic behavior.
- Evaluate vertical and horizontal integration, and anti-competitive strategies employed in different imperfect markets.
- Analyze how policy makers respond to integration and to anti-competitive strategies and measure the effectiveness of such policies.
- Improve your problem-solving skills and develop your ability to use economic models.
- Apply the theoretical analysis methods and models to real-life cases.
- Collect information and conduct a market analysis research based on the information collected.

This is a rigorous and demanding class.

Important Information

Before starting this course, please review the following pages:

- [Accessibility and Accommodation](#)
- [Academic Misconduct Statement](#)
- [Panthers Care](#)
- [Counseling and Psychological Services \(CAPS\)](#)

*The professor reserves the right to change or modify the syllabus at any time during the semester.

Technical Requirements and Skills

Privacy Policy Statements for partners and Vendors

- [Canvas](#)

Please visit our [Technical Requirements](#) web page for additional information.

Course Information

Course Prerequisites

This course has a prerequisite(s):

ECO3101 - Intermediate Microeconomics. You are required to know and be able to use the microeconomic tools that you learned in your Intermediate Microeconomics class. **You must also know Algebra and CALCULUS.**

Textbook

Industrial Organization: Contemporary Theory and Empirical Applications

Textbook by Daniel Jay Richards, Lynne Pepall, and Norman George

ISBN-13: 9781118250303

Assessment Methods

The assessment methods for the learning objectives are (only) 4 problem sets (7 % each), 2 midterms (16 % each), a final exam (20 %), and a writing project (20 %). You are expected to learn the course outcomes by solving problems, practicing by assignments, and researching and writing a term paper for your project. Practice will help you learn the information and increase your performance in this class. I will help you with studying techniques and solving problems to support you to become self-directing learners. I strongly recommend you form study groups and be connected and in contact with your classmates. The homework sets can be submitted by individually or by a student group of at most 3 students, but all exams and the writing project should be completed individually.

You are expected to use mathematics and words to describe, solve, analyze the problems in this class. The economics tools required to answer most questions are the tools that you learned in the prerequisite class. In addition to assignments and exams, your knowledge and written communication skills will be assessed based on the discussion posts and the term paper you write for the writing project.

Problem Sets

There are 4 problem sets. Each problem set grade is 7% of your final grade. Problem sets will be posted on Canvas periodically. **Homework may be done individually or in groups of at most 3 students.** A group should submit a single write-up listing the names of all group members (all of whom will receive the same grade). You may change groups from assignment to assignment, but it is your responsibility to ensure that your name appears on **one, and only one, final write-up before the submission.** Names cannot be added after the submission. So, please make sure that all the students' names in the study group are listed on the problem set before submission. I encourage working on the homework in groups, for two reasons: (1) differing perspectives can keep you from getting “stuck” and (2) having to explain your reasoning to others is an excellent way to really learn the material. The homework will be graded by the teaching assistant or by the instructor. We will work on the problems in the homework in class or I will upload a video to Canvas, and I will show the solution techniques to certain problems. Hence, an answer key for a problem set may not be available on Canvas. Homework turned in late (but within two days) will receive a grade of discount of 20% per day. **Homework turned in beyond two days will receive a grade of zero.** No grades will be dropped in computing the overall homework grade.

Midterms and the Final Exam

There are 2 midterms and one final exam, that is, three exams in total. Each midterm is 16% of your final grade and the final exam is 20%. All exams are composed of computational and

analytical questions, which require that students perform calculations to deduce answer. Exams taken late without an excuse properly documented (but within two days) will receive a grade of discount of 20% per day.

Writing Project

The writing project is 20% of your final grade. The project involves studying an industry (of your choice) in some depth, trying to relate concepts from each of the chapters to the industry (to the extent they apply), and writing a term paper about your research. During this process, you must meet with tutors from the writing center to discuss your term paper. Coordination with the writing center is graded and a part of the writing project.

***** **Plagiarism will not be tolerated and will receive a score of 0. Please see <https://www.grammarly.com/blog/types-of-plagiarism/>*******

AI POLICY: You are discouraged from using any AI tools and any text-generating software (such as ChatGPT, iA Writer, Marmot or Botowski). Remember that the material generated by these programs may be inaccurate, incomplete, or otherwise problematic. Beware that use may also stifle your own independent thinking and creativity. Also remember that the purpose of this assignment is to improve your research and writing skills. Hence, any use of AI tools will be treated as plagiarism. Please contact your instructor if you are unsure or have questions BEFORE using AI for any assignment.

Skills: In the term paper, you are expected to analyze an industry of your choice. The term paper will help you to develop your ability to use economic models and apply the theoretical analysis methods and models to real-life cases by utilizing the theoretical and quantitative tools learned in the class. It will also improve your ability to collect information, evaluate the information, and conduct a market analysis research based on the information collected. Moreover, your knowledge and written communication skills will be assessed based on the term paper you write.

Knowledge: By writing the term paper, you will be able to conduct and present a market analysis based on the topics that we cover in this class. By doing so, you will extend your knowledge on the following topics:

- The market structure in the industry
- The pricing strategies that are firms use
- Type of competition in the industry
- Sequential aspects of the industry
- Collusion in the industry or price fixing cases
- Mergers and acquisitions

Task: Your term paper should address most of the following questions below (if not all). This is an industry analysis, so you must present a market analysis at least based on the topics that we cover in this class. In the industry you pick, say collusion is the crucial issue, and you want to focus more on collusive behavior. Then, you can briefly mention other topics or with a small

focus on them, and mostly focus on collusive behavior. If competition or price wars is the main issue, then you can put less weight on others and put more weight on competition or price wars, but you have to offer a complete analysis.

The topics that you should mention in your paper for a complete industry analysis:

1. Pick an industry to examine. Keep in mind that many industries are global in nature, so consumers and/or producers need not be in the US.
2. What can you find out about the market structure in your industry? Which firms are squarely in the industry, which others arguably produce substitutes or complementary goods?
3. What strategic pricing strategies are used? Price discrimination based on identifiable characteristics (3rd degree)? Two-part tariffs or menu pricing (1st or 2nd degree)? Bundling?
4. Returning to market structure, what does it look like? Do firms seem like they compete in price (Bertrand competition) or quantity (Cournot competition)? Are the goods homogeneous or differentiated (and along what dimensions)? Does there seem to be a simultaneous-move or sequential-move structure?
5. What sequential aspects does the industry have (if any)? Do any commitment strategies seem to be in use (such as strategic investments to large capacity or cost-reducing investment)? Is there any evidence of entry-detering strategies or predatory pricing allegations?
6. Does there seem to be collusion in the industry? Has there been collusion historically? What aspects of the industry would help the firms collude (or hinder collusion)?
7. What has been the recent history in the industry with respect to mergers? Have the mergers been horizontal, vertical, or involving complementary products? Have there been any DOJ/FTC challenges of proposed mergers?

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The breakdown of the writing project:

- Research part 1 - 15%
- Research part 2 - 15%
- Thesis and Outline - 20%
- Meeting with the Writing Center Tutor 10%
- First Draft - 25%
- Final Draft - 15%

Research Part 1

STEP 1: Read at least 3 of articles related to the industry of your choice.

State the articles you have chosen and write your Summary and Analysis.

Summary: Your summary will need to explain the key results in the articles and to highlight the main results/findings in the article that you choose to work with.

Analysis: In this part, you will make connections between the results of the articles you have

chosen and evaluate how you can use those findings for your hypothesis, that is how they can provide support for your analysis. You may not have a thesis in my mind yet, and it is understandable if you cannot clearly make the connections, yet, but try to do your best. The evaluation of your summary and analysis will be based on how effectively you have achieved the assignment's objectives. It is crucial to summarize the articles accurately and comprehensively, illustrating how they can support your analysis. A mere presentation of article summaries without insightful analysis will not lead to a successful project. Instead, your project should showcase your adeptness in critical reading and thinking. Furthermore, your summary and analysis must adhere to the established expectations of high-quality college-level academic writing, a skill we will be refining throughout the term. Clarity and thoroughness in articulating your purpose and focus are imperative. Providing ample detail in both your summary and response is essential for lucid explanations. Additionally, incorporating structural cues to guide your reader through the logical flow of your thoughts is necessary. Lastly, ensure that your prose is well-crafted both stylistically and grammatically.

Research Part 2

STEP 2: Extend your research by reading at least 3 more articles. You can check the cited articles or the articles citing the ones you have read. State the articles you have chosen and write your Summary and Analysis.

Thesis/Objective/Argument and Outline

Repeat after me: the answer to any question in economics is, it depends.

Dani Rodrik

STEP 3: State your thesis/objective/argument. Copy and paste your detailed outline.

Now, it is time to shape your argument. Based on your research, you may or may not have a clear position, but you must have arrived a conclusion or something must have been shaped in your mind after reading the articles. Now, you are going to put that in words and when doing that, objectivity must be your main anchor.

Creating an effective paper plan is essential for maintaining focus on pivotal aspects and crafting a well-organized paper with a seamless flow of ideas. Initiate the process by jotting down key points in a simple list format. Once you have outlined these crucial points for discussion, invest time in contemplating how to integrate them cohesively. After compiling your list, enhance each key point with additional details derived from your research, constructing a paragraph around each one.

The paper's structure holds paramount importance and should not be underestimated. Your paper should be divided into three distinct sections: Introduction, Main Body, and Conclusion. The main body will encompass all evidence and explanations, with the introduction and conclusion each comprising a concise paragraph.

Writing the First Draft

A first draft is a finished draft. It may not be perfect, but it must be complete in the proper format and free of grammatical errors.

INTRODUCTION: In your introductory section, articulate:

- The main theme of the paper. For instance, "This examines...", "This paper studies..."
- The specific topics or content you plan to address. This is where you outline the plan of your paper. This provides a guideline to the reader.
- The central argument or perspective you aim to present, like "I will propose that..." "We recommend..."

Every paragraph, including the introduction, must have a clear beginning and an end. Transitions and flow between paragraphs are also important. Conclude your introduction clearly and make the transition to the subsequent part of your paper, initiating a new paragraph for clarity.

THE BODY:

The main body of your paper serves as the space where you expound on your argument and present supporting evidence. It is crucial for this section to exhibit a smooth flow and possess a discernible order. For an effectively structured paper, it is crucial to compose a series of paragraphs that logically progress through the points intended for coverage. Determining the appropriate order for these points poses a challenge, as the paper essentially presents an argument. Therefore, the structure should align with the specificities of the argument being made.

It's essential to remember that well-crafted papers not only provide evidence supporting their perspective but also elucidate the shortcomings of opposing views. Envision a reader, anticipate potential objections to your argument, and subsequently demonstrate why those objections lack validity.

- Ensure that each paragraph starts with a sentence outlining its focus and/or content. Evaluate the opening sentence of each paragraph to ascertain its relevance to the paper question.
- In every paragraph within the body of your paper, substantiate the opening sentence by presenting pertinent evidence. Incorporate relevant findings from your research and actively engage with this material. Properly cite all evidence, which may include real-world examples.

CONCLUSION

A well-rounded paper demands a conclusive ending in the form of a comprehensive conclusion. Summarize the key points articulated in your paper, clearly stating your answer to the posed question and the rationale behind it. Acknowledge the potential complexity of the issue, recognizing that, in many cases, there may not be a straightforward answer. While you may feel

a sense of repetition, as your paper's body has already elucidated your argument, a concise summary provides clarity and is appreciated by the reader. Append a few sentences indicating potential avenues for the further development of your paper. This is where you can emphasize the significance of the question and offer preliminary suggestions for additional analysis.

PLEASE FOLLOW THESE STEPS BEFORE SUBMITTING YOUR FIRST DRAFT: The completion of your work doesn't conclude with the conclusion. Revisiting and refining your paper play a crucial role in the process, significantly influencing the grade you receive. Reviewing your paper will also help identify common mistakes or recurring issues in your writing, enabling you to become more attuned to them and avoid repetition in future papers.

- It is plagiarism to use other writers' words and IDEAS without citation. Proper referencing is crucial in academic papers to avoid accidental plagiarism. Have proper (in-text) Citation and verify your referencing and bibliography. Include (in-text) citation whenever needed. Include a bibliography, but refrain from listing references to unread or irrelevant materials.

Please remember that citation and References (or Bibliography) are different. Please see "Understanding Citation vs. References" article and the citation guide before you start writing. Preferred format for citations is APA, MLA, or Chicago. You can also use online citation generators.

- Check for deviations from the main question. While reading through, consider how closely you adhere to the overarching question. If you identify paragraphs straying into unrelated areas, be rigorous and eliminate them. With a limited word count, it's crucial to make every word count by maintaining a sharp focus on the main question.
- Evaluate the quality and depth of your argument. When reviewing your paper, reflect on the clarity and consistency of your argument. Your argument should be evident and well-supported with introduced evidence, including discussions of counterarguments. Scrutinize the paper for points where the argument may become unclear.
- Consider your use of evidence. Are you critically engaging with it, or merely quoting it to support your point? A strong analytical paper consistently examines evidence. Even when the evidence aligns with your argument, demonstrate thoughtful consideration of its value. Avoid assumptions and writing as if something were beyond dispute.
- Check spelling, grammar, and style. Thoroughly review spelling and grammar, ensuring well-ordered and well-structured paragraphs. Avoid lengthy, complicated sentences, and consider reading the paper aloud to gauge sentence length. Aim for a clear and concise writing style, steering clear of unnecessary complexity. Maintain a formal tone in line with academic standards, refraining from colloquialisms and contractions.

Step 4: Meeting with a tutor at the Writing Center at least once to get feedback on your writing. This step can be completed anytime in the writing process.

STEP 5: Submit your first draft.

Final Draft

STEP 6: Based on the feedback, please provide your final draft.

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I will use the following rubric to evaluate your first and final drafts:

First and Final Draft Grading Rubric

CATEGORY	Unacceptable (Below Standards)	Acceptable (Meets Standards)	Good (Occasionally Exceeds)	Excellent (Exceeds Standards)
Introduction	Does not adequately convey topic. Does not describe subtopics to be reviewed. Lacks adequate thesis statement.	Conveys topic, but not key question(s). Describes subtopics to be reviewed. General thesis statement.	Conveys topic and key question(s). Clearly delineates subtopics to be reviewed. General thesis statement.	Strong introduction of topic's key question(s), terms. Clearly delineates subtopics to be reviewed. Specific thesis statement.
Focus & Sequencing	Little evidence material is logically organized into topic, subtopics or related to topic. Many transitions are unclear or nonexistent.	Most material clearly related to subtopic, main topic. Material may not be organized within subtopics. Attempts to provide variety of transitions.	All material clearly related to subtopic, main topic and logically organized within subtopics. Clear, varied transitions linking subtopics, and main topic.	All material clearly related to subtopic, main topic. Strong organization and integration of material within subtopics. Strong transitions linking subtopics, and main topic.

Integration of Knowledge	The paper does not demonstrate that the concepts learned in the course has been fully understood and applied. Most concepts and methods that are learned in the course and/or most of the questions that the papers should address are not analyzed and/or are missing.	Some concepts learned in the course has not been applied fully or has been applied incorrectly. Some concepts and methods that are learned in the course and/or some of the questions that the papers should address are not analyzed and/or are missing.	The paper demonstrates that the concepts learned in the course is almost fully understood and applied. Most concepts and methods learned in the course have been integrated into the paper and most of the questions that the paper should address are analyzed. A few topics are not analyzed.	The paper demonstrates that the concepts learned in the course is understood and has been applies fully. All concepts and methods learned in the course have been integrated into the paper and all the questions that the paper should address are analyzed.
Support	Few sources supporting thesis. Sources insignificant or unsubstantiated.	Sources generally acceptable but not peer-reviewed research (evidence) based.	Sources well selected to support thesis with some research in support of thesis.	Strong peer-reviewed, research-based support for thesis.
Conclusion	Does not summarize evidence with respect to thesis statement. Does not discuss the impact of researched material on topic.	Review of key conclusions. Some integration with thesis statement. Discusses impact of researched material on topic.	Strong review of key conclusions. Strong integration with thesis statement. Discusses impact of researched material on topic.	Strong review of key conclusions. Strong integration with thesis statement. Insightful discussion of impact of the researched material on topic.

Grammar & Mechanics	Grammatical errors or spelling & punctuation substantially detract from the paper.	Very few grammatical, spelling or punctuation errors interfere with reading the paper.	Grammatical errors or spelling & punctuation are rare and do not detract from the paper.	The paper is free of grammatical errors and spelling & punctuation.
Style & Communication	Errors in APA/MLA style detract substantially from the paper. Word choice is informal in tone. Writing is choppy, with many awkward or unclear passages.	Errors in APA/MLA style are noticeable. Word choice occasionally informal in tone. Writing has a few awkward or unclear passages.	Rare errors in APA/MLA style that do not detract from the paper. Scholarly style. Writing has minimal awkward or unclear passages.	No errors in APA/MLA style. Scholarly style. Writing is flowing and easy to follow.
Citations & References	Reference and citation errors detract significantly from paper.	Two references or citations missing or incorrectly written.	One reference or citations missing or incorrectly written.	All references and citations are correctly written and present.

Format

Proper citation and referencing is very important!! Your final paper must adhere to MLA or APA citation guidelines—containing both a Works Cited and/or in-text parenthetical notations—in order to receive a passing grade. I repeat: papers that lack either a works cited, parenthetical citations, or both, will receive an automatic zero.

Only include references of papers that YOU mention in your paper. If you have any questions about how to correctly cite a source, please see the websites at the end of this section, or find sources on MLA or APA citation guidelines. (Pay attention to website citing)

It is plagiarism to use other writers' words and IDEAS. You should cite any little data, statement, argument, research, conclusion, graph, picture, etc. that is not your own. Anything that is not yours, should be cited, otherwise it is plagiarism. For example, if you say "In the frozen pizza market, prices have increased 10% after company A and B merged" without citing, then it means this statement or data belongs to you, and I know that it is not yours!:) I do not expect an empirical research paper from you, so of course you will write your paper based on the

information that you get from other sources. It is OK to do that, but it is not OK to get anything from other sources without properly citing the source.

There is not a page requirement or limit, but typical papers should be at least 4 pages (without a title or abstract page), double-spaced, 12-pt font, with additional, separate title page and reference page. Please include page numbers. For details on MLA or APA formatting see the websites at the end of this section.

https://owl.purdue.edu/owl/research_and_citation/mla_style/mla_style_introduction.html

https://owl.purdue.edu/owl/research_and_citation/apa_style/apa_style_introduction.html

Good writing tips for your writing project:

1) QUOTATIONS: Quotations should generally not be used.

2) AVOID 1 ST PERSON.

Ex. Improper “voice” for academic writing:

In this review, I will show that the literature on treating juvenile murderers is sparse and suffers from the same problems as the general literature ... Unfortunately, I have found that most of the treatment results are based on clinical case reports of ...

Ex. Suitable “voice” for academic writing

The literature on treating juvenile murderers is sparse and suffers from the same problems as the general literature... Most of the treatment results are based on clinical case reports...

3) AVOID SLANG. USE PROFESSIONAL LANGUAGE “conducted a study” instead of “did a study” “examined” instead of “looked at” “utilize” instead of “use” (where appropriate) “great deal” instead of “a lot” “furthermore” instead of run-on sentences.

4) ORGANIZING IS CRUCIAL. An organized essay is clear, focused, logical and effective. Organization makes it easier to understand the thesis.

5) BE CONCISE: Delete unnecessary words, phrases, and sentences to drastically improve your writing. Scientific writing is concise and to-the-point!

6) REVISE AND REWRITE: Good writing takes hard work. Give yourself enough time to take a break from the paper. Time away from the paper provides perspective regarding organization and allows the opportunity to find technical errors.

7) CITATIONS: It is imperative that you use good citation habits. It is plagiarism to use other writers’ words and IDEAS.

8) USE ASSISTANCE OF WRITING CENTER WHEN NEEDED.

9) AVOID PLAIGIARISM. Plagiarism will not be tolerated and will receive a score of 0. Please see <https://www.grammarly.com/blog/types-of-plagiarism/>

Grading Policy:

Course requirements	Number of items	Weight for each	Weight Total
Midterms	2	16%	32%
Final Exam	1	20%	20%
Writing project	1	20%	20%
Problem sets	4	7%	28%
Total	8		100

Grading Scheme

Letter	Range%	Letter	Range%	Letter	Range%
A	96 or above	B	80 - 85.99	C	65 - 69.99
A-	90 - 95.99	B-	75 - 79.99	D	60 - 64.99
B+	86 - 89.99	C+	70 - 74.99	F	59.99 or less

Course Communication

Communication in this course will take place via the Canvas Inbox. Check out the [Canvas Conversations Tutorial](#) or [Canvas Guide](#) to learn how to communicate with your instructor and peers using Announcements, Discussions, and the Inbox.

Please be advised that classes may be audio and visually recorded and/or subject to course capture for future access by students in this course. Your attendance/participation in this course constitutes consent to such recordings, which will only be used for educational purposes by students in the course and securely stored in University systems. If there is a concern regarding the recording and use of such recording, please contact FERPA@fiu.edu.