

ECON 105: INDUSTRIAL ORGANIZATION & FIRM STRATEGY

SPRING 2021

Professor Emanuel Vespa
Email: evespa@ucsd.edu
Office hours: Tue/Thu 3:40-4:40pm

Class Meetings

Lecture Section A00: Tue/Thu 5:00-6:20pm
Lecture Section B00: Tue/Thu 2:00-3:20pm

Lectures and office hours will be on Zoom (the link is found under “Zoom LTI PRO” section of Canvas). During lectures you are encouraged to ask questions by raising your hand or typing into the chat box.

All lectures will be recorded. The videos will be available on Canvas after each lecture. In principle, you can watch lectures at any time after they take place. My recommendation, though is that you attend lectures in real time. Having the discipline to attend lectures as in a regular quarter will help you be current with the course’s material.

Piazza

We will stay engaged through the discussion board on Piazza, where you can ask questions, submit comments, and help each other on the material covered in class. Please post your question concerning the class material on Piazza instead of emailing me, so everyone can benefit from the question and answer. Do not expect answers immediately, but I will check for questions on piazza every 24 to 48 hours. The link is: piazza.com/ucsd/spring2021/econ105.

Course Overview

Industrial organization is concerned with the workings of markets and industries, in particular the way that firms compete with each other. The class is organized into seven topics. We will start revisiting the classic static oligopoly models that you were introduced to in Econ 100C. Subsequently, we will study static oligopoly in the case when products are not homogeneous, a topic referred to as “product differentiation.” In our third topic we will focus on dynamic oligopoly settings, which allow us to collusion and price wars. Market structure comes next, which is a topic where we will study, for example, what determines that some markets have many firms and others only a few. The fifth topic centers on market foreclosure, the different strategies that incumbent firms use not to let other competitors in their market. In the last two topics we will study horizontal

and vertical mergers. In each case we will complement theoretical models, with a large number of applications to industries, data from experiments and a discussion of antitrust cases.

Textbook

Luis Cabral, *Introduction to Industrial Organization*, 2nd edition, MIT, 2017.

Your digital textbook materials are provided by the UC San Diego Bookstore through Canvas. You will need to **opt in** to the Inclusive Access program by **April 10th 2021** to access the materials at a special reduced price. If you decide not to **opt in**, you will be responsible for sourcing the materials elsewhere.

For any questions about billing please contact textbooks@ucsd.edu.

For any questions about using your eBook please reference [RedShelf Solve](#).

To opt-IN:

- Click the RedShelf link in Canvas (under “the Getting Started Module”)
- Click View Course Materials
- Select "OPT-IN to Course Materials"

You will have until **April 10th 2021** to complete this process if you want the textbook with RedShelf.

Evaluation

There will be two exams: A midterm and a final. There will be seven homework assignments (submitted on Gradescope), which are graded for *completeness* only. Finally, there is an empirical project, where you will collect data on your own, analyze it and report your findings in writing. You will get full credit for your homework if you submit an attempted solution, regardless of its correctness. Be sure to go over the posted solutions so that you are prepared for the exams, which are graded on correctness.

The midterm counts for 30% of your grade, the final exam counts for 40% of your grade. The homework counts for 15% and the empirical assignment counts for 15%. Half of the weight of the midterm can be transferred to the final, so there are two alternative grading schemes:

Alternative #1: Midterm 30%, Final 40%, Homework 15%, Empirical assignment 15%.

Alternative #2: Midterm 15%, Final 55%, Homework 15%, Empirical assignment 15%.

When determining your grade I will automatically use the best of the two grading schemes.

Exam formats and dates

I will send instructions on how exams will be conducted later. The exams will be open book and you can use a calculator.

The midterm will take place (for both sections) Tuesday May 4th from 6:30. to 7:50pm. There will be NO CLASS on the day of the midterm.

The empirical assessment is due on Tuesday June 1st. It will be graded for *completeness* only.

The final exam will take place (for both sections) Saturday June 5th from 11:30am to 2:30pm.

Tentative Schedule

Date	Topic	Book's Chapter	Minicase
03/30	Introduction	1	
04/01	Static Oligopolies	8	
04/06	Static Oligopolies	8	
04/08	Product Differentiation	14	
04/13	Product Differentiation	14	
04/15	Collusion	9	
04/20	Collusion	9	
04/22	Collusion	9	Virgin Airlines
04/27	Market Structure	10	
04/29	Market Structure	10	
05/04	Midterm	8, 9, 10, & 14	ATPCO
05/06	Market Structure	10	Cambell Soup
05/11	Entry Foreclosure	12	
05/13	Entry Foreclosure	12	
05/18	Entry Foreclosure	12	Microsoft
05/20	Mergers	11	
05/25	Mergers	11	
05/27	Mergers	11	GE & Honeywell
06/01	Vertical Relations	13	
06/03	Recent Antitrust Cases	-	
06/05	Final	8 to 14	

Administrative Issues

- (1) Students requesting accommodations for this course due to a disability must provide a current Authorization for Accommodation (AFA) letter issued by the Office for Students with Disabilities (OSD). If you have a documented disability, please email Jennifer Buenrostro (jmbuenrostro@ucsd.edu) including your documentation, and we will work on your accommodations.
- (2) **There will be no makeup exams.** If you have to miss the midterm for a **medical or other university-approved reason**, the weight of the exam will be allocated to the final. In that case, you will need to provide proof of your situation. The weights will not be reallocated for any other reason.

- (3) **Academic dishonesty will not be tolerated.** Students are expected to do their won work, as outlined in the UCSD Policy on Integrity of Scholarship. All suspected cases of academic dishonesty will be reported to the Academic Integrity Coordinator. In addition to the penalties imposed by the Academic Integrity Review Board, I will also reserve the right to fail students found guilty of academic misconduct. Finally, I reserve the right to give an oral test if I feel it is necessary to uphold academic integrity.
- (4) **All students must take the final at the scheduled date and time.** If you have a conflict with other exams or have a medical or other university-approved reason, we will schedule an oral test for some other date.