

## **Syllabus for Economics of Network Industries, ECON 104 Winter 2005**

Professor Silke Januszewski

Office: Economics 229

Office hours: Wed 3:30 – 5 pm or by appointment.

**Prerequisites:** ECON 100B or 170B or approval of instructor.

**Required Textbook:** Shy, Oz, “The Economics of Network Industries”, Cambridge University Press 2001.

A note on the textbook: The textbook is written for advanced undergraduates and beginning graduate students. We will cover only the sections of the book that are written at the undergraduate level. I expect you to read the assigned sections of the textbook before class, and encourage you to ask questions during class if you have difficulty following the material.

**Supplementary reading:** Shapiro, C. and H. Varian, “Information Rules”, HBS Press 1999.

This book is written for management students. It is quite chatty but has a lot of useful examples. It also describes many of the concepts covered by our main textbook. Reading is not required but recommended.

### **Course outline (all references are to Shy’s textbook):**

1. Introduction (Ch. 1, all sections)
2. Game Theory Tools (Appendices A, B and C)
3. Hardware Industry (Ch. 2, sections 2.1, 2.2, 2.4)
4. Software Industry (Ch. 3, sections 3.1, 3.2, 3.5-3.7)
5. Adoption of New Technologies (Ch. 4, section 4.1)
6. Telecommunication (Ch. 5, sections 5.1 and 5.3.1)
7. Broadcasting (Ch.6, all sections)
8. Information Markets (Ch. 7, all sections)
9. Banks and Credit Cards (Ch. 8, all sections)
10. Airlines (Ch. 9, all sections)

Subject to change depending on how quickly we proceed.

### **Grading:**

We will have a midterm exam (30% of the final grade) and a final exam (60% of the final grade). 10% of the final grade are based on class participation. Homeworks are not graded but are an essential preparation for the exams. You are encouraged to solve the homework in study groups, as some of the exercises are fairly difficult.

Exam dates are TBA.