

EC853-01, Spring 2001
Industrial Organization I (T,TH 9:00-10:20)
Instructor: Hideo Konishi
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(Office Hours) anytime

COURSE DESCRIPTION

This is a course in industrial organization at the Ph.D. level. The course includes standard theoretical models of industrial organization, and the approach will be game-theoretic. A solid background in graduate microeconomics is required. The aim of this course is two-fold: to present basic tools of industrial organization, and to encourage students to start their own researches.. We start with describing basic oligopoly/monopolistic competition models, and moves on to specific topics in industrial organization. Given the severe time constraint we face, specific topics covered in class will be limited.

RECOMMENDED BOOKS

The best textbook in Industrial Organization is: *The Theory of Industrial Organization*, by J. Tirole, MIT Press, 1988 (it is getting a bit old, but still the best book available which covers various materials). A new nice textbook is: *Oligopoly Pricing*, by X. Vives, MIT Press, 1999. Other useful references are: *Modern Industrial Organization*, by D. Carlton and J. Perloff, Addison Welsley Longman, 1999, 3rd edition (an undergrad textbook, but nice: actually 2nd edition was much better), and *Information Rules*, by C. Shapiro and H. Varian, Harvard Business School Press, 1998 (an easy reading on an economics of information age: no equation).

GRADE AND COURSE REQUIREMENTS

Tentatively, I would say that your grade will be based on your performance on a few homeworks, a midterm exam, a final exam, and an in-class presentation of a paper in the reading list (with a written referee report). The two exams will count for 70% of your course grade. The remaining 30% will be divided up between your performance of homeworks and in-class presentation (with a written report) of a paper.

TENTATIVE SCHEDULE

(Note that it is very tentative and is subject to changes.)

1. Basic game theory and oligopoly theory
 1. homogenous product Bertrand
 2. homogenous product Cournot
 3. heterogenous product Bertrand
 4. horizontally differentiated products (Hotelling/Salop)
 5. strategic substitutes and complements
 6. vertically differentiated products
2. Monopoly
 1. Mussa-Rosen
 2. auction theory
 3. applications of auction theory
 4. durable goods
3. Consumer Search
 1. search theory
 2. concentration of retail stores
 3. advertisement
4. Repeated games
5. Switching costs and network externalities
 1. switching costs
 2. network externalities