

COURSE DESCRIPTION: This **upper-level elective course** studies the relationship between firms that produce similar goods. We will focus on the “market structure” of an industry, which is a description of how many firms are in an industry and what their relative sizes are, and learn what it is about the nature of the goods they sell, or the way they compete with each other, that determines that structure. We will analyze the implications of market structure for the well-being of an economy, and examine government policies toward businesses that address inefficiencies in an industry.

PREREQUISITES: Economics 320 (Intermediate Microeconomics), Economics 322 (Econometrics)

LECTURE DETAILS: Tuesdays and Thursdays, 1:00 p.m. to 2:20 p.m. In order to protect the health and well-being of all members of the Rutgers community, **masks must be worn by all persons in all non-private indoor settings, including classrooms.** Students not wearing masks will be asked to leave the classroom, and are subject to university disciplinary procedures. Masks must conform to Centers for Disease Control and Prevention guidelines and be worn such that they **completely cover the nose and mouth**; specific CDC guidance can be found at <https://www.cdc.gov/coronavirus/2019-ncov/prevent-getting-sick/about-face-coverings.htm>. Before you arrive on campus or leave your residence hall on a given day, you must complete the brief survey on the My Campus Pass symptom checker self-screening app.

METHOD OF EVALUATION: Your grade will be determined by your performance on homework assignments, two in-class midterm exams, and a final exam. The homework assignments are collectively worth 30% of your final score. The first midterm exam will be given on **Tuesday, October 5**, and is worth 20% of your final score. The second midterm exam will be given on **Tuesday, November 9**, and is worth 20% of your final score. The final exam will be given on **Thursday, December 23, from 12:00 p.m. to 3:00 p.m.**, and is worth 30% of your final score. **Note the late final exam date.** It will not be possible to take the final exam on a different day, earlier or later. If something makes it impossible for you to take an exam in-person on December 23 (such as travel), you must drop the course.

All homework assignments and homework and exam solutions will be distributed via the Canvas site for the course.

Note: missed exams are excused only for medical reasons, and only with a signed form from a physician’s office and confirmation of the visit by the instructor. In addition, the student or someone acting on behalf of the student must notify the instructor within 24 hours after the missed exam that a medical excuse is pending. A make-up date must be arranged if an exam is missed.

If you know that you will not be able to attend class on an exam date because of a religious holiday, you must notify the instructor of this by Friday, January 24.

If you expect to miss one or two non-exam classes because of illness or a family emergency, please use the Rutgers absence-reporting website <https://sims.rutgers.edu/ssra/> to register the date and reason for your absence. An email is automatically sent to the instructor.

TEXTS: There are two required books. One is *Introduction to Industrial Organization*, by Luis M.B. Cabral. The newest edition is the **second**; the ISBN for the paperback (cheaper) version is 978-9388028260. The first edition is very similar to the second, and it would be fine for you to buy a first

edition instead, if it is cheaper for you do to so. As of September 1, Amazon.com had new copies of the second edition for immediate shipment for \$39.00. The second book is *The Great Reversal*, by Thomas Philippon, ISBN 978-0674237544. It is very new, and used copies may be hard to find (and may not cost that much less than new copies). As of September 1, Amazon.com had new copies for immediate shipment for \$26.95. Both books have been ordered for the Rutgers bookstore, but they appear to be having issue with orders this semester, and I can't vouch for how fast they will fill requests. Also, their prices for new books tend to be higher than Amazon's, though their used book prices are usually comparable.

OFFICE HOURS: Mondays 10:30-11:30 and Wednesdays 1:30-2:30. All office hours, and other meetings outside class, will be conducted via **Zoom**; a link will be distributed through Canvas. A few Wednesday office hours will need to be moved; these will be announced in advance via Canvas.

COURSE SCHEDULE

Week of	Topics	Readings
September 2	Introduction; Consumers; Elasticity of demand	Cabral, Ch. 1, 2 Philippon, Ch. 1
September 7	Firm basics: production; costs; profit maximization	Cabral, Ch. 3
September 14	Perfect competition; free entry; efficiency	Cabral, Ch. 4
September 21	Imperfect competition: monopoly; monopolistic competition	Cabral, Ch. 5
September 28	Price discrimination	Cabral, Ch. 6
October 5	Price discrimination, cont.	Cabral, Ch. 6
	First Midterm, Tuesday, October 5	
October 12	Using game theory	Cabral, Ch. 7
October 19	Oligopoly	Cabral, Ch. 8
October 26	Collusion	Cabral, Ch. 9
November 2	Market Structure	Cabral, Ch. 10
November 9	Market Structure, cont.	Cabral, Ch. 10 Philippon, Ch. 2, 3
	Second Midterm, Tuesday, November 9	
November 16	Why is there more competition in Europe than in the United States?	Philippon, Ch. 5; Part 2 (Ch. 6-8), pages 97-149
November 23	Why is there more competition in Europe than in the United States?, cont.	Philippon, Ch. 5; Part 2 (Ch. 6-8), pages 97-149
	Thanksgiving, Thursday, November 25; no class	
November 30	Product differentiation	Cabral, Ch. 14
December 7	The superstar firms of “Big Tech”	Cabral, Ch. 16 Philippon, Ch. 13, 14
	Final Exam, Thursday, December 23, 12:00 p.m. to 3:00 p.m.	