

**NEW COURSE PROPOSAL**

PROGRAM AREA \_\_\_\_\_

**1. Catalog Description of the Course.** *[Include the course prefix, number, full title, and units. Provide a course narrative including prerequisites and corequisites. If any of the following apply, include in the description: Repeatability (May be repeated to a maximum of \_\_\_ units); time distribution (Lecture \_\_\_ hours, laboratory \_\_\_ hours); non-traditional grading system (Graded CR/NC, ABC/NC). Follow accepted catalog format.]*

**ECON 415 INDUSTRIAL ORGANIZATION (3)**

Three hours of lecture per week

Prerequisite: ECON 310 or 329

A theoretical and empirical examination of the structure, conduct and performance of industries. Topics include market structures, games and strategy, and pricing strategy.

**2. Mode of Instruction.**

	<b>Units</b>	<b>Hours per Unit</b>	<b>Benchmark Enrollment</b>
Lecture	___3___	___1___	___25___
Seminar	_____	_____	_____
Laboratory	_____	_____	_____
Activity	_____	_____	_____

**3. Justification and Learning Objectives for the Course.** (Indicate whether required or elective, and whether it meets University Writing, and/or Language requirements) *[Use as much space as necessary]*

Industrial Organization is one of the traditional economic fields of study. This course will be an upper division elective in the economics major.

Students completing the course will be able to:

- List the key factors determining market structure and classify industries according to these factors.
- Determine product pricing and output under various forms of market structure.
- Distinguish and determine the efficiency implications of various forms of market structure.
- Project the economic consequences of business decisions from the short run to the long run.
- Analyze tactical and strategic behavior and performance of firms.

**4. Is this a General Education Course** **NO**

**5. Course Content in Outline Form.** *[Be as brief as possible, but use as much space as necessary]*

I. Introduction

- A. What is Industrial Organization
- B. Theory of the Firm
- C. Traditional Paradigm
- D. Overview of a more modern approach

II. Tool Kit

- A. The Costs of Production - Short and Long Run, and Economies of Scale
- B. Competitive Supply Curves, Competitive Equilibrium
- C. Monopoly Supply
- D. Non-Cooperative Game Theory

III. Duopolies and Oligopolies

- A. Simple Cournot Model
- B. Simple Bertrand Model
- C. Cournot and Bertrand with Different Cost Structures.
- D. Stackelburg

- IV. Oligopoly To Monopoly
  - A. Dominant Firm Models
  - B. Measurements of Concentration
  - C. Cartels
- V. Differentiated Products
  - A. Monopolistic Competition
  - B. Spatial Differentiation (Hotelling)
  - C. Dixit Spence Model
- VI. Entry
  - A. Barriers to Entry, Limit Pricing, and Contestability
  - B. Zero Profit Equilibrium Models and Limit Pricing due to Scale Barriers
  - C. Strategic Entry Deterrence
  - D. Predatory Pricing
- VII. Advertising
- VIII. Markets With Imperfect Information
  - A. Market For Lemons
  - B. Quality Signalling Games
- IX. Non Profit Maximizing Behaviour
  - A. Principle-Agent Problem
  - B. Other things firms might maximize.

**6. References.** *[Provide 3 - 5 references on which this course is based and/or support it.]*

Carlton, D. and M. Perloff (1999): *Modern Industrial Organization*. Addison-Wesley-Longman. 3<sup>rd</sup> ed  
 Tirole, Jean (1988): *Theory of Industrial Organization*. MIT Press  
 Don Waldman and Elizabeth Jensen (2000): *Industrial Organization*. A-W-L, 2<sup>nd</sup> ed.

**7. List Faculty Qualified to Teach This Course.**

Dennis Muraoka  
 Ashish Vaidya  
 Paul Rivera

**8. Frequency.**

a. Projected semesters to be offered: Fall \_\_\_\_\_ Spring \_\_X\_\_ Summer \_\_\_\_\_

**9. New Resources Required.**

- a. Computer (data processing), audio visual, broadcasting needs, other equipment- None
- b. Library needs- None
- c. Facility/space needs- None

**10. Consultation.**

Attach consultation sheet from all program areas, Library, and others (if necessary)

**11. If this new course will alter any degree, credential, certificate, or minor in your program, attach a program modification.**

Dennis Muraoka October 29, 2003  
 \_Proposer of Course Date