

# Industrial Organization

Dr. Ryan Safner

[ios23.classes.ryansafner.com](https://ios23.classes.ryansafner.com)

**Course:** ECON 324 Spring 2023 1

**Room:** Rosenstock 101

**Meets:** TuTh 2:00 PM–3:25 PM

**Email:** [safner@hood.edu](mailto:safner@hood.edu)

**Office:** Rosenstock 110

**Hours:** MW 1:30 PM–2:30 PM & by appt

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“If goods do not cross borders, armies will.” — Frederic Bastiat

**Industrial Organization** is one of the most common fields of applied microeconomics. It traditionally studies business firms and their relationship to the market—how they make economic decisions, how they are affected by government regulation, how they strategically interact with one another—and how these change in markets that are more or less competitive—monopoly, oligopoly, monopolistic competition, or perfect competition, often with a close connection to antitrust law. Industrial organization is a direct extension of microeconomics, and as such, the **prerequisite** for this course is **ECON 206**.

This course will be a hybrid of formal lecture, hands-on activities/games, and readings-based class discussions, with exams and a writing assignment serving as the prime means of evaluation.

**I reserve the right to change any part of this syllabus and course, at my discretion, with proper advance warning.**

## 1 Course objectives

By the end of this course, you will:

- Understand key economic models of perfect competition, monopoly, monopolistic competition, oligopoly (Bertrand, Cournot, and Stackelberg competition), and contestable markets
- Apply models of competition to different industries and regulatory regimes
- Simulate strategic and game theoretic interactions and apply them to industry behavior
- Discuss how firms actually compete with one another
- Critique textbook models and theories of regulation and antitrust
- Understand the economic problems that firms solve, create, and grapple with
- Debate regulatory solutions to problems and current events in various industries

Given these objectives, this course fulfills all three of the learning outcomes for [the George B. Delaplaine, Jr. School of Business](#) Economics B.A. program:

- Use quantitative tools and techniques in the preparation, interpretation, analysis and presentation of data and information for problem solving and decision making [...]
- Apply economic reasoning and models to understand and analyze problems of public policy [...]

- Demonstrate effective oral and written communications skills for personal and professional success[...]

Fair warning: **Economics is hard.** This class may challenge many of your existing beliefs and conceptions about how the world works, and how it should work. This is the most important and exciting part of a liberal arts education. This does *not* mean that I want to make you to see everything “my way.” In fact, if you come out of this class thinking exactly like me, then I have probably failed you as a teacher. To the best of my ability, I keep my opinions to myself unless relevant for purposes of discussion, and I respect and invite you to reach your own conclusions on all matters.

Free tutoring in many subjects is available for Hood students through Thinking Storm professional tutoring and Hood peer tutoring. Hood peer tutoring is located in the Tutoring Center adjacent to the Student Success Center in the Beneficial Hodson Library and Learning Commons. Appointments and online tutoring can be accessed through Blackboard and located under tools/academic tutoring. Tutoring is available evenings and weekends as well as during the day to help meet your needs. For more information about tutoring and to see the specific subject tutoring offered, please visit the student success website here or contact the student success center at [studentsuccess@hood.edu](mailto:studentsuccess@hood.edu).

See my [tips for success in this course](#).

## 2 Required Course materials

You can find all course materials at my **dedicated website** for this course: [ioS23.classes.ryansafner.com](http://ioS23.classes.ryansafner.com). Links to the website are posted on our Blackboard course page. Please familiarize yourself with the website, see that it contains this [syllabus](#), [resources](#) to help you, and our [schedule](#). On the schedule page, you can find each module with its own class page (**start there!**) along with all related readings, lecture slides, practice problems, and assignments.

My lecture slides will be shared with you, and serve as your primary resource, but our main “textbook” below is **recommended** as the next best resource and will be available from the campus bookstore. I will discuss more about textbooks and materials in the first module.

### 2.1 Books

1. Church, Jeffrey and Roger Ware, 2000, [Industrial Organization: A Strategic Approach](#), New York: McGraw-Hill, ISBN: 0-256-20571-X

You are welcome to purchase the book by other means (e.g. Amazon, half.com, etc). I have no financial stake in requiring you to purchase this book. You are welcome to use previous version of the book, but carefully verify the reading assignments, as the material may be different across versions.

## 3 Assignments and Grades

Your final course grade is the weighted average of the following assignments. You can find general descriptions for all the assignments on the [assignments page](#) and more specific information

Frequency	Assignment	Weight
n	Participation (Average)	10%
n	Homework (Average)	20%
1	Midterm	20%
1	Final (Take-home)	30%
1	Industry Report	20%

Grade	Range	Grade	Range
A	93–100%	C	73–76%
A–	90–92%	C–	70–72%
B+	87–89%	D+	67–69%
B	83–86%	D	63–66%
B–	80–82%	D–	60–62%
C+	77–79%	F	< 60%

(such as due dates) and examples on each assignment’s page on the [schedule page](#).

Each assignment is graded on a 100 point scale. Letter-grade equivalents are based on the following scale:

See also my [Grade Calculator](#) app where you can calculate your overall grade using existing assignment grades and forecast “what if” scenarios.

These grades are firm cutoffs, but I do of course round upwards ( $\geq 0.5$ ) for final grades. A necessary reminder, as an academic, I am not in the business of *giving* out grades, I merely report the grade that you *earn*. I will not alter your grade unless you provide a reasonable argument that I am in error (which does happen from time to time).

**No extra credit is available**

## 4 Policies and Expectations

This syllabus is a contract between you, the student, and me, your instructor. It has been carefully and deliberately thought out. (A syllabus can and will be used as a legal document for disputes tried at a court of law. Ask me how I know.), and I will uphold my end of the agreement and expect you to uphold yours.

In the language of game theory, this syllabus is my commitment device. I am a very understanding person, and I know that exceptions to rules often need to be made for students. However, to be *fair* to *all* students the syllabus artificially constrains my ability to make exceptions at a whim for anyone. This prevents clever students from exploiting my congenial personality at everyone else’s expense. Please read and familiarize yourself with the course policies and expectations of you. Chances are, if you have a question, it is answered herein.

### 4.1 Attendance

Your day-to-day classroom attendance is not graded. My philosophy is that you are all adults and must take ownership of your own learning or else you will not succeed. Some assignments

may require in-class participation for credit, and an (unexcused) absence may be detrimental to your grade. Attending class is one of the strongest predictors of success.

However, as required under Hood College's "Promise of Fall Plan," (Ch. 2-C) **your classroom attendance will be recorded at every class meeting.** This is primarily to facilitate contact tracing.

If you know you will be absent, you are not *required* to let me know, but it is polite to give notice (Note if I do not reply to an email of yours letting me know, I am probably busy but will still see it and appreciate your email). Your absence will be noted and recorded for the purposes stated above. If, however, we have an assignment due in class, you *must* notify me ahead of time in order to make alternate arrangements to still receive credit. Hasty ex-post attempts to notify me will generate little sympathy.

## 4.2 Late Assignments

I will accept late assignments, but will subtract a specified amount of points as a penalty. Even if it is the last week of the semester, I encourage you to turn in late work: some points are better than no points!

**Homeworks:** If you turn in a homework after it is due but before it is graded or the answer key posted, I generally will not take off any points. However, **if you turn in a homework after the answer key is posted, I will automatically deduct 20 points (so the maximum grade you can earn on it is an 80).**

**Exams:** If you know that you will be unable to complete an *in-class exam* as scheduled for a legitimate reason, please notify me at least *one week* in advance, and we will schedule a make-up exam date. Failure to do so, including desperate attempts to make arrangements only *after* the exam will result in a grade of 0 and little sympathy.

**Op-eds:** Starting at the deadline, I will take off 1 point for every hour that your Op-ed is late.

I reserve the right to re-weight assignments for students whom I believe are legitimately unable to complete a particular assignment.

## 4.3 Grading

I will try my best to post grades on Blackboard's Grading Center and return graded assignments to you within about one week of you turning them in. There will be exceptions. Where applicable, I will post answer keys once I know most homeworks are turned in (see Late Assignments above for penalties). Blackboard's Grading Center is the place to look for your most up-to-date grades. See also my [Grade Calculator](#) app where you can calculate your overall grade using existing assignment grades and forecast "what if" scenarios.

## 4.4 Communication: Email, Slack, and Virtual Office Hours

Students must regularly monitor their **Hood email accounts** to receive important college information, including messages related to this class. Email through the Blackboard system is my main method of communicating announcements and deadlines regarding your assignments.

**Please do not reply to any automated Blackboard emails - I may not receive it!** My Hood email (safner@hood.edu) is the best means of contacting me. I will do my best to respond within 24

hours. If I do not reply within 48 hours, do not take it personally, and *feel free to send a follow up email* in the very likely event that I genuinely did not see your original message.

Our [slack channel](#) is available to all students and faculty in Economics and Business. I have invited all of my classes and advisees. It will not be extended to non-Business/Economics students or faculty. All users must use their **hood emails** and **true first and last names**. Each course has its own channel, exclusive for verified students in the course, and myself, by my invite only. As a third party platform, you agree to its Terms of Service. I have created this space as a way to stay connected, to help one another, and to foster community. Behaviors such as posting inappropriate content, harassing others, or engaging in academic dishonesty, to be determined solely at my discretion, will result in one warning, the content will be deleted, and subsequent behavior will result in a ban.

In addition to in-person office hours, you can also make an appointment for **“office hours”** on Zoom. You can join in with video, audio, and/or chat, whichever you feel comfortable with. Of course, if you are not available during those times, we can schedule our own time if you prefer this method over email or Slack. If you want to go over material from class, please have *specific* questions you want help with. I am not in the business of giving private lectures (particularly if you missed class without a valid excuse).

Watch the excellent and accurate video explaining office hours [on the website](#).

## 4.5 Netiquette

When using Zoom and Slack, please follow appropriate internet etiquette (“Netiquette”). Written communications, like blog posts or use of the Zoom chat, lacks important nonverbal cues (such as body language, tone of voice, sarcasm, etc).

Above all else, please respect one another and think/reread carefully about how others may see your post before you submit a comment. You are expected to disagree and have different opinions, this is inherently valuable in a discussion. Please be civil and constructive in responding to others’ comments: writing *“have you considered ‘X’?”* is a lot more helpful to all involved than just writing *“well you’re just wrong.”*

Posting content that is wilfully incendiary, illegal, or that constitutes academic dishonesty (such as plagiarism) will automatically earn a grade of 0 and may be elevated to other authorities on campus.

When using the chat function on Zoom or public Slack channels, please treat it as official course communications, even though I may not be grading it. It may be a quick and informal tool - don’t feel you need to worry about spelling or perfect grammar - but please try to avoid *too* informal “text-speak” (i.e. say “That’s good for you” instead of “thas good 4 u”).

## 4.6 Privacy

[Maryland law requires](#) all parties consent for a conversation or meeting to be recorded. If you join in, and certainly if you participate, **you are consenting to be recorded**. However, as described below, videos are *not accessible* beyond our class.

Live lectures are recorded on Zoom and posted to Blackboard via Panopto, a secure course management system for video. Among other nice features (such as multiple video screens, close captioning, and time-stamped search functions!), Panopto is authenticated via your Blackboard credentials, ensuring that *our course videos are not accessible to the open internet*.

For the privacy of your peers, and to foster an environment of trust and academic freedom to explore ideas, **do not record our course lectures or discussions**. You are already getting my official copies.

The [Family Educational Rights and Privacy Act](#) prevents me from disclosing or discussing any student information, including grades and records about student performance. If the student is at least 18 years of age, *parents (or spouses) do not have a right to obtain this information*, except with consent by the student.

Many of you may be tuning in remotely, living with parents, and may have occasional interruptions due to sharing a space. This is normal and fine, but know that I will protect your privacy and not discuss your performance when parents (or anyone other than you, for that matter) are present, without your explicit consent.

## 4.7 Enrollment

Students are responsible for verifying their enrollment in this class. The last day to add or drop this class with no penalty is **Wednesday, September 1**. Be aware of [important dates](#).

## 4.8 Honor Code

Hood College has an Academic Honor Code which requires all members of this community to maintain the highest standards of academic honesty and integrity. Cheating, plagiarism, lying, and stealing are all prohibited. All violations of the Honor Code are taken seriously, will be reported to appropriate authority, and may result in severe penalties, including expulsion from the college. See [here](#) for more detailed information.

### 4.8.1 ChatGPT

The rise of ChatGPT and other large language models has made it incredibly easy to look up information and write content. This emerging capability will inevitably run up against existing (nearing obsolete) policies regarding academic integrity. Learning to leverage AI is an emerging skill, and one that can help you enhance your productivity.

In the end, *you are ultimately responsible for all the content that you submit for assignments* in this course. If it is clear that you simply submitted the results of a ChatGPT prompt for an assignment (and new tools are emerging to accurately detect this), you will earn a grade of zero. If it is clear that this is a frequent issue and you are applying no effort to your assignment beyond ChatGPT prompts, you will be reported for violations of the Academic Honor Code.

Beware the limits of ChatGPT and other LLM-based AIs: low-quality prompts will give you low quality results, and ones that are obvious that the content was written by an LLM. The writing style and type of information that it outputs is fairly easy to detect among an expert in the field (i.e. me, if you ask it questions about economics, especially my assignments). Do not trust everything it says, it can pass off facts and arguments as authoritative. I have given it prompts and it gave me answers that it completely fabricated.

#### 4.9 Van Halen and M&Ms

When you have completed reading the syllabus, email me a picture of the band Van Halen and a picture of a bowl of M&Ms. If you do this *before* the date of the first exam, you will get bonus points on the exam. If 75-100% of the class does this, you each get 2 points. If 50-75% of the class does this, you each get 4 points. If 25-50% of the class does this, you each get 6 points. If 0-25% of the class does this, you each get 8 points. Yes, you read this correctly.

#### 4.10 Accessibility, Equity, and Accommodations

College courses can, and should, be challenging and bring you out of your comfort zone in a safe and equitable environment. If, however, you feel at any point in the semester that certain assignments or aspects of the course will be disproportionately uncomfortable or burdensome for you due to any factor beyond your control, please come see me or email me. I am a very understanding person and am happy to work out a solution together. I reserve the right to modify and reweight assignments at my sole discretion for students that I believe would legitimately be at a disadvantage, through no fault of their own, to complete them as described.

If you are unable to afford required textbooks or other resources for any reason, come see me and we can find a solution that works for you.

This course is intended to be accessible for all students, including those with mental, physical, or cognitive disabilities, illness, injuries, impairments, or any other condition that tends to negatively affect one's equal access to education. If at any point in the term, you find yourself not able to fully access the space, content, and experience of this course, you are welcome to contact me to discuss your specific needs. I also encourage you to contact the [Office of Accessibility Services](#) (301-696-3421). If you have a diagnosis or history of accommodations in high school or previous postsecondary institutions, Accessibility Services can help you document your needs and create an accommodation plan. By making a plan through Accessibility Services, you can ensure appropriate accommodations without disclosing your condition or diagnosis to course instructors.

#### 4.11 ACBSP Information



Hood College is an accredited member of the Accreditation Council for Business Schools and Programs (ACBSP), an organization devoted to enhancing business education. In receiving and maintaining this accreditation, the faculty has made a commitment to the continuous improvement, innovation, and scholarship of the Department of Economics and Management. For you,

this means that your educational experience undergoes ongoing validation to ensure it meets the most rigorous international standards of business education. Only a select group of institutions have received this status and it is an attribute of Hood for which you should take great pride.

Pragmatically, our accreditation means that we will engage in the ongoing use of measures, both quantitative and qualitative in nature, to assess the performance of our students and the program. We ask that you take very seriously the surveys and other measurement devices we will use – your best work and honest response will help us best assess and improve our program.

## **5 Tentative Schedule**

**You can find a full schedule** with much more details, including the readings, appendices, and other further resources for each class meeting on the [schedule page](#).