Course Description:
This class will cover a broad overview of the tools used in modern theory of Industrial Organization. As the tools of modern IO borrow heavily from formal Game Theory, the class will involve heavy use of Game Theoretic methodologies. The class will be presented mostly through the discussion of important papers in the field but some of the material will be supplemented by the course texts.

Course Texts: (none are required but students will find the first quite useful)


Grading:
Grades in this class will come from multiple sources. There will be a midterm exam worth 25% of the final grade, 1-2 paper presentations worth 20-10% each, and a final paper/final exam worth 35%. In addition there will be occasional homework assignments worth 20%.

The paper presentation portion of the grading will require each student to present 1-2 (depends on the number of students enrolled) of the papers for the course to the class. A written report on the paper will also be required, due on the day the oral presentation is made. The focus of these reports will be for the student to teach the material to the rest of the class and to comment on the substance of the material. Students should look over the articles below and choose one they would like to present and get approval from me. If there is an IO article on a topic not included below that the student would like to present instead, this may be acceptable. Again, see me for approval.

There will be an option of completing a paper for the course or taking a final exam. Students are strongly encouraged to write the paper as this will be a much more valuable exercise. My assumption is that everyone will be writing the paper and you must get permission from me to take an exam instead. The paper should have some relationship to IO and must contain some theoretical content. This could include a purely theoretical paper or an empirical (field or experimental) paper aimed at testing the implications of a model. I will be quite flexible on topics and content as the main idea of the paper is to
give you experience writing and in working with building your own theoretical model. The exact field the work fits in is of less importance.

The paper will be completed in three different stages. The first stage will involve you turning in a Topic Overview which will be due in the 6th week of the course (October 9). This overview will be a short (less than one page) description of the fundamental research question your paper will deal with. The Overview should state that question, explain why answering it is interesting or worthwhile and briefly propose how you intend to address it. The second stage will involve turning in a First Draft of the paper. This should be a version of the paper that is quite close to completed. It should have a fully fleshed out introduction including a review of the related literature and a presentation of the model. If there are a few details you have not quite finished, that will be acceptable but it should be a substantial draft and enough for me to clearly see the structure of the paper. This will be due in the 12th week (November 20). When you turn in your first draft I will read over it and provide a referee report on it modeled after what you would get if you submitted the paper to a journal. It will tell you what you will need to do to improve the paper for the final draft which will be due on the first day of finals week (December 8). Late submissions of any stage lose 5 points a day. There will be 100 points available on the paper. 15 of them will come from turning in a suitable topic description on time. 35 will be based on the quality of the first draft. The final 50 will be based on the overall quality of the final paper and on how well you were able to deal with the comments and suggestions made on your first draft. The higher the quality of the first draft, the fewer comments and suggestions you will have to deal with for the final version.

Course Outline:
I. Monopoly Theory
   a. General Reading
      i. Tirole, Part I
      ii. Shy, Chapter 5
   b. Durable Goods
      i. Tirole 72-3, 79-87

II. Static Monopolistic Competition / Oligopoly Theory
   a. General Reading
      i. Tirole, Chapters, 5-8
      ii. Shy, Chapters 6-8
   b. Quantity Competition

c. Price Competition with Differentiated Products

d. Price Competition With Search

e. Managerial Considerations

III. Horizontal and Vertical Integration
a. Vertical Relationships

b. Horizontal Relationships


IV. Dynamic Models of Oligopoly Behavior

a. Noncollusive


b. Collusive Models


V. Non-Equilibrium Theories

VI. Entry/Exit Process and the Dynamics of Firm Growth

VII. Market Dominance
a. Tirole Chapter 9
b. First Mover Advantage and Capital Commitment
i. Tirole 8.2-8.6


c. Limit Pricing


VIII. Experimental Examinations of IO Topics

a. General Reading

i. C. Plott “An Updated Review of Industrial Organizational Applications of Experimental Methods,” Handbook of Industrial Organization


b. Selected Papers


HONOR CODE: Academic dishonesty as it relates to tests in this course will not be tolerated in any form. The Academic Honor system of the Florida State University is based on the premise that each student has the responsibility to:

1. Uphold the highest standards of academic integrity in the student's own work;
2. Refuse to tolerate violations of academic integrity;
3. Foster a high sense of integrity and social responsibility.

Put simply, cheating will not be tolerated. If an instance of academic dishonesty takes place, all students involved will receive a zero for that exam and the grade may not be dropped.

AMERICAN DISABILITIES ACT STATEMENT: Students with disabilities needing academic accommodations should:

1. Register with and provide documentation to the Student Disability Resource Center (SDRC);
2. Bring a letter to the instructor from SDRC indicating that you need academic accommodations. This should be done within the first week of class.