

Objective: By the conclusion of this course, students will be expected to have a solid understanding of the microeconomic fundamentals of production, the various market structures that stem from them, and the strategic decisions that firms may face. Furthermore, students should be able to apply this understanding in order to analyze the effectiveness and welfare implications of different “real-world” strategies.

Text:

(1) *Industrial Organization: Contemporary Theory and Empirical Applications* by Pepall, Richards, and Norman, 4th edition (ISBN: 978-1405176323)

(2) *Against Intellectual Monopoly* by Boldrin and Levine (ISBN: 978-0521879286) (Hardcover text available at Amazon. Free version also available at author’s website: <http://www.dklevine.com/general/intellectual/againstfinal.htm>).

Additional Reading:

Baker, J.B. [2003]. “The Case for Antitrust Enforcement.” *Journal of Economic Perspectives* 17, 27-50.

Bebchuk, L.A. and Fried, J.M. [2003]. “Executive Compensation as an Agency Problem.” *Journal of Economic Perspectives* 17, 71-92.

Crandall, R.W. and Winston, C. [2003]. “Does Antitrust Policy Improve Consumer Welfare? Assessing the Evidence.” *Journal of Economic Perspectives* 17, 3-26.

Green, E.J. and Porter, R.H. [1984]. “Noncooperative Collusion Under Imperfect Price Information.” *Econometrica* 52, 87-100.

Narasimhan, C. [1984]. “A Price Discrimination Theory of Coupons.” *Marketing Science* 3, 128-147.

Varian, H.R. [1980]. “A Model of Sales.” *American Economic Review* 70, 651-659.

Class meetings: 2:30-4:00PM on Mondays and Wednesdays, Seigle 103.

Office Hours: 12:00-2:00PM Mondays and by appointment in Seigle 376.

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Office hours: 1:00-3:00PM Tuesdays and by appointment in Seigle 355

Responsibilities: Your course grade will depend upon six factors.

A. I will give five homework assignments throughout the semester. Your four highest scores of these will compose 20% of your course grade (5% each).

B. There will be a midterm exam on Wednesday, October 20. It will count towards 25% of the course grade.

C. Towards semester end, I will assign a 5-8 page essay that will ask you to research and analyze a particular question. It will count towards 15% of the course grade.

D. Class participation will count between 0 and 10% of the course grade. Participation will be communal: the grade reflects the participation of the entire class. Failure to participate will lead to a reduction of the percentage valuation of this factor and an increase in the percentage valuation of quizzes.

E. Quizzes will be given periodically. They will count between 5 and 15% of the course grade, depending on the level of participation in class. Quizzes will be . . . difficult.

F. The final exam is scheduled for 6-8PM on December 20. It will count towards 25% of the course grade.

Many students do much less well in this course than they expect and than they should. The surest ways to guarantee disappointing results are to memorize and to cram for tests. This course requires that you learn how to reason from assumptions to conclusions so that you can solve economic problems. For most people, the only way to acquire these reasoning skills is to do the readings when they are assigned, come to class, do the homework problems faithfully, and ask questions in class and in office hours when there is something that you don't understand well. Reasoning skills cannot be memorized or crammed for.

Make-up exams are approved **ONLY** for the following conditions:

- **DOCUMENTED** personal illness or emergency.
- Conflicts with religious obligations.