

INTERNATIONAL UNIVERSITY OF JAPAN

Graduate School of International Relations

Academic Year: 2013/2014

Term: Spring

Course	Course code ADC6750	Course title Industrial Organization and Public Policy	
Name of Instructor	Hodaka Morita		Credit Number: 1
Instructor's contact Information	Office# TBA	Office Hours TBA	E-mail: hodakamorita@gmail.com
Class Schedule Day / Time	TBA		

Course Description:

This is a course on industrial organization at post graduate levels. We focus on topics in theoretical industrial organization and discuss policy implications of the theoretical analyses. The course assumes that students are familiar with basic calculus and statistics. The mathematics involved is not too demanding, but an urge to learn/appreciate the technique is essential. Industrial organization is a huge field of economics, and as such it is not possible to cover all topics. Our goals are to familiarize you with some of the main questions in the literature and to teach you the methodology of theoretical industrial organization so that you can apply it in your own analyses and research.

Learning Objectives:

The main goal of this course is to provide students with a set of tools and knowledge that would enable them to conduct their own original analyses and research in industrial organization. In particular, we focus on investigation into how firms exercise market power in a variety of settings and how the government may curb the negative side effects through regulation. We will develop rigorous theoretical models maintaining their close connections to reality, elaborate on economic logic and intuitions behind the analyses, and discuss real-world implications.

Career Relevance:

Analytical methodology and strategic thinking acquired through this course will be useful for government officials to develop regulatory policies as well as for managers and business consultants to develop business strategies. For students intending to undertake PhD studies, this course will serve as a basis for their future research.

Course Context or Rationalization:

<u>Delivery Methods:</u> Lectures and problem sets.	
<u>Assessment:</u> A final examination	
<u>Prerequisite:</u> Intermediate microeconomics, Introductory game theory, Basic mathematics and statistics	
<u>Textbook</u>	<p>Highly recommended text book: Belleflamme, P. and Peitz, M., <i>Industrial Organization: Markets and Strategies</i>, Cambridge University Press, 2010.</p> <p><u>Reference books/Journal Articles:</u> See below.</p>
<u>Class Outline</u>	<p>1. Monopoly and Price Discrimination (Lecture 1)</p> <p>2. A Brief Introduction to Game Theory (Lecture 2)</p> <ul style="list-style-type: none"> • Handout (distributed in class). • Belleflamme and Peitz (2010) Appendix A.1-A.2. <p>3. Static Models of Oligopoly and Product Differentiation (Lectures 3, 4, 5)</p> <ul style="list-style-type: none"> • B-P (2010) Chapters 3, 4.1-4.2, 5, 15.1-15.2. • Mankiw, G. and Whinston, M., "Free Entry and Social Inefficiency," <i>RAND Journal of Economics</i>, 1986, pp. 48-58. • Salant, S. W., Switzer, S., and Reynolds, R. J., "Losses from Horizontal Merger: The Effects of an Exogenous Change in Industry Structure on Cournot-Nash Equilibrium," <i>Quarterly Journal of Economic</i>, 1983, pp. 185-199. <p>4. Problem Set #1 and Review of Lectures 1 – 5 (Lecture 6)</p> <p>5. Cartels and Tacit Collusion; Vertical Related Markets; Research & Development (Lectures 7, 8)</p> <ul style="list-style-type: none"> • B-P (2010) Chapter 14.2.1 – 14.2.3. • B-P (2010) Chapter 17.1, 17.4. • B-P (2010) Chapter 18.1. <p>6. Product Durability (Lectures 9, 10)</p> <ul style="list-style-type: none"> • Bulow, J., "Durable Goods Monopolists," <i>Journal of Political Economy</i>, 1982, pp.314-332. • Waldman, M., "Eliminating the Market for Secondhand Goods: An Alternative Explanation for Leasing," <i>Journal of Law and Economics</i>, 1997, pp. 61-92.
<u>Others (if any)</u>	n/a