



Michaelyn Corbett, Ph.D.
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Econ 370 Pricing & Industrial Organization
001-LEC (5174)
Spring Semester 2014
Monday 7-9:30pm

Catalog Description

- This course critically examines the structure of American Industry and analyzes pricing practices/policies under various market structures and government regulations.

Outcome: Students learn to evaluate empirical evidence to analyze corporate behavior, consumer surplus, and ethical and federal regulation effects on corporate pricing policies.

- Sophomore standing, minimum grade of "C-" in ECON 201 and 202.

Course Overview

- This course is designed to provide an understanding of the economic principles that govern strategic decision-making in order to gain and sustain a competitive advantage in business markets, with special emphasis on communications markets and information technology.

Course Objectives and Learning Outcomes

- At least two specific objectives/outcomes:
 1. An enhanced understanding of how firms and markets organize and behave.
 2. An introduction to advanced topics of competition including oligopoly models, collusion, price discrimination, the role of information and advertising, vertical integration and restraints, and general antitrust issues.

Required Materials

- D. Carlton and J. Perloff, Modern Industrial Organization. 4th Ed., (Boston: Pearson/Addison Wesley) 2005. ISBN-10: 0321180232; Available online at Amazon.com and campus bookstore.
- Course readings, Discussion questions and other materials will be posted on Sakai at least one week prior to the class date for which it will be used or discussed.

Course Requirements and Grading Criteria

Grading

- Grading will be based on one mid-term (25%), an in-class final examination (40%), a group presentation (25%) which will be made the final weeks of class, and classroom contributions each week, including your group discussion participation, thoughtful questions and comments in response to your classmates' presentations, and participation in solving problem sets (10%).

Participation and Classroom Contributions

- Please read the assigned materials before class on the assigned week. I will assume you have read the materials each week and I will call on class members to answer questions.
- Each week I will use Power Point slides as an outline to discuss the day's materials.
- In addition, a portion of most classes will be dedicated to a group participation activity. If that group activity requires advanced reading, it will either be in the syllabus or be announced sometime the previous week.
- Much of the value of the class comes from the quality of classroom discussion. You will be evaluated on the basis of the quality of your contributions.
- Problem sets will be worked out towards the end of class, time permitting.

Exams

- The mid-term and final exam will be based on materials covered in class, including reading assignments, group participation activities and class presentations to date, respectively. Only basic calculators are permitted during test-taking.

Group Presentation

- Each student will participate in preparing and delivering a group presentation in the final weeks of the course, precise dates to be determined. You may form your own groups or let me know if you would like me to assign you to a group. Each group should consist of 2 people (3 with permission, if there are an odd number of students enrolled). Please be ready to identify your groups no later than Feb 3, although I encourage you to do so earlier if possible.

- Presentations should be centered on an industrial organization topic of your choice analyzing pertinent principles addressed in this course. A summary page of how your topic relates to the area of industrial organization and why it would be of interest to us, the questions you sought to analyze and answer, and the final conclusions you reached in your analysis of the topic should be included. In addition, please include a bibliography page listing the materials you reviewed and considered in putting together your presentation.
- Please plan your group presentation to fit into 20 minutes, allowing each group member a speaking slot, and be prepared to respond to questions from me and the class (additional 10 minutes). (The time limits may change depending on how many groups there turn out to be—we will finalize after the groups are determined.)
- Your grade on this project will be determined on the basis of how correctly you apply economic principles discussed in the Industrial Organization course, your ability to include and apply tools, information, and analyses that are relevant to your topic, your ability to exclude extraneous or irrelevant information and analysis, how much insight you are able to bring to the topic, and the rigor with which you are able to explain and defend your materials and conclusions. Please turn in a hard copy of your presentation materials at the beginning of the class for which you are presenting. (Please do not turn in any other materials, such as a paper or supporting analysis—turn in only what you show to the class.)
- You are required to send me an email by Feb. 10 identifying your group topic (i.e., be specific about what you intend to analyze). I encourage you to send me an email at some point no later than Week 7 (February 24) with an outline of your topic and arguments so that I can provide feedback and assistance.
- I will be presenting an example presentation sometime during the middle of the term.

Quinlan School of Business Policies:

Attendance

- Class attendance and participation are fundamental components of learning, so punctual attendance at all classes, for the full class meeting period, is expected of Quinlan students. The student is responsible for any materials or requirements missed during an absence.

Make-Up Examinations

- Loyola University academic policy provides that tests or examinations may be given during the semester or summer sessions as often as deemed advisable by the instructor. Because Quinlan faculty believe examinations represent a critical component of student learning, required examinations should be taken during the regularly scheduled class period. **Make-up examinations are discouraged.** Exceptions may be granted only by the faculty member or department chair, and only for unavoidable circumstances (illness verified by a signed physician’s note, participation in intercollegiate athletic events, subpoenas, jury duty, military service, bereavement, or religious observance). A make-up final examination may be scheduled only with the permission of the appropriate Quinlan Assistant or Associate Dean.

Academic Integrity

- All members of the Quinlan School shall refrain from academic dishonesty and misconduct in all forms, including plagiarism, cheating, misrepresentation, fabrication, and falsehood...Plagiarism or cheating on the part of the student in individual or group academic work or in examination behavior will result minimally in the instructor assigning the grade of “F” for the assignment or examination. In addition, all instances of academic dishonesty must be reported to the chairperson of the department involved.
- For further information about expectations for academic integrity and sanctions for violations, consult the complete Quinlan School of Business Honor Code and Statement of Academic Integrity on the Quinlan website:

<http://www.luc.edu/media/lucedu/quinlanschoolofbusiness/pdfs/Honor-Code-Quinlan-July2012.pdf>

Class by Class/Week by Week Course Outline

Class Number & Date	Topic & Assignment/Readings
WEEK 1 (Monday, January 13, 2014)	Please read Chapter 1: Overview; Chapter 2, The Firm and Costs
WEEK 2 (January 20)	Martin Luther King, Jr., Holiday: No classes
WEEK 3 (January 27)	Please read Chapter 3: (Perfect) Competition <ul style="list-style-type: none">➤ Read Lynn Stout article, “The Problem of Corporate Purpose” for in-class activity
WEEK 4 (February 3)	Please read Chapter 4: Monopoly, Monopsony, and Dominant Firms <ul style="list-style-type: none">➤ Please read “Express Scripts/Medco Merger – Allegations of Monopsony” article for in-class activity➤ Please have your presentation groups formed no later than Feb. 3. I will ask you to identify your groups at this time at the end of class.

WEEK 5 (February 10)	<p>Please read Chapter 5: Cartels</p> <ul style="list-style-type: none"> ➤ Read M. Levenstein and V. Suslow, “What Determines Cartel Success?” Journal of Economic Literature, March 2006 – for an in-class activity <p>Please have one designated person send me an email (CC: the group) by February 10 with the topic of your group project. (This is required.)</p>
WEEK 6 (February 17)	<p>Please read Chapter 6: Oligopoly</p> <ul style="list-style-type: none"> ➤ Quick survey for blind taste test
WEEK 7 (February 24)	<p>MIDTERM QUIZ</p> <p>Please read Chapter 7: Product Differentiation and Monopolistic Competition</p> <ul style="list-style-type: none"> ➤ Focus on “Representative Consumer Model” section; not teaching details of Location Model or Hybrid Models. ➤ Randomized blind taste test <p>I STRONGLY encourage you to send me an email by February 23 outlining your group presentation. I will be able to give you comments and feedback and help you shape the focus of your analysis if you do so.</p>
WEEK 8 (March 3)	Spring Break: No classes
WEEK 9 (March 10)	<p>Please read Chapters 9-10 Price Discrimination</p> <ul style="list-style-type: none"> ➤ I will also be delivering a “Mock Presentation” in Class. Treat this as merely an example of the type of presentation you could give, not intended to be limiting –the possibilities are endless! However, I will try to highlight some of the concepts you should be considering in the development of your own group presentation.
WEEK 10 (March 17)	<p>Please read Chapter 13: Information</p> <ul style="list-style-type: none"> ➤ Not teaching the “Tourist and Natives” Model ➤ Read D. Dranove and G. Z. Jin, “Quality Disclosure and Certification: Theory and Practice,” JEL, 2010 for in-class exercise.
WEEK 11 (March 24)	Please read Chapter 14: Advertising
WEEK 12 (March 31)	<p>Please read Chapter 12: Vertical Integration</p> <ul style="list-style-type: none"> ➤ Read “Economics of Antitrust: An Economic Analysis of Resale Price Maintenance,” Global Competition Review
WEEK 13 (April 7)	<p>Please read Chapter 19: Antitrust</p> <ul style="list-style-type: none"> ➤ In-Class exercise [TBD]

WEEK 14 (April 14)	4 Presentations
WEEK 15 (April 21):	4 Presentations
WEEK 16 (April 28):	Final Exam

Any Special Requests, Circumstances, or Instructor Policies

- To minimize distractions, laptops must be closed during class and cell phones off.
- I have a strict policy on cell phone/laptop/electronic device usage during class.
- I WILL DEDUCT 2 POINTS FROM YOUR FINAL GRADE POINT CALCULATION FOR ANY ELECTRONIC DEVICE USAGE IN CLASS. IT CAN WAIT UNTIL THE BREAK OR AFTER CLASS!

- Food and drink are permitted in the room, however, kindly refrain from distracting others in the process.

Final Exam Month/Day
April 28, 2014

Please note: This class may occasionally deviate from the course outline above. The instructor reserves the right to make changes as needed to the course syllabus.