ECON 7111 - Industrial Organization I: Theoretical Approach

Fall 2014

Basic Information
Instructor: Byung-Cheol Kim (byung-cheol.kim@econ.gatech.edu)
Office: Old CE room 324
Class: 9:35pm – 10:55pm TR / D. M. Smith 15
Office Hours: TR 1:30-2:30 pm

Description
This course is the first sequel to IO series. Topics include market structures and the strategic behavior of firms (monopoly, oligopoly, imperfect competition), research and development, adoption of new technologies, regulations, antitrust law and competition policy.

Objective
This course aims to equip Ph.D. students with a theoretical understanding on various topics in Industrial Organization, particularly help to learn how to design an economic modeling and analyze it with rigor.

Textbooks
The following books will be used for this course. Tirole is required; others are complementary.


This is a standard graduate textbook in IO and provides a nice introduction of much of the material to be covered. In the class, we will concentrate on theoretical principles.

For those who are interested in antitrust (competition policy) issues, the following books are highly recommended:


Unfortunately, Tirole (1988) is not updated since its first edition. We will use the Handbook of IO to cover more recent developments of IO theories.


For game theory texts, I suggest the following two books.

5. Game Theory for Applied Economists, by Robert Gibbons (G)

Also, we will use the classic microeconomics book


Finally, regarding studies on theories of incentives and of contracts, we will use


**Web Site**  
It is recommended to check the course web page, [http://t-square.gatech.edu](http://t-square.gatech.edu), at least once a week. All important announcements and course materials such as homework assignments.

**Grade**  
Course grades will be based on two exams (70%, each 35%), student presentation (20%), and class participation and homework (10%).

**Topics**  
Below are *tentative* topics to be discussed in class; note that it may be subject to some changes.

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<thead>
<tr>
<th>DATE</th>
<th>TOPIC</th>
<th>READINGS</th>
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<tbody>
<tr>
<td>8/19, 21, 8/26</td>
<td>Introduction to Course, Monopolistic Screening Model (Hidden Information, Adverse Selection)</td>
<td>T 3.5 / MWG 14, LM 2-3, BD 2, Handouts</td>
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<td>8/26</td>
<td>Morality Hazard (Hidden Action)</td>
<td>T 0 / MWG 14, LM 4, BD 4, Handouts</td>
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<td>9/9, 11</td>
<td>Incomplete Contracts and Hold-up Problem</td>
<td>BD 11, LM 6, T 0, Handouts</td>
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<td>9/23, 25</td>
<td><strong>Durable Goods Monopolist and Planned Obsolescence</strong></td>
<td>Lecture Note G 2 (SPNE)</td>
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<td>- __________, &quot;An Economic Theory of Planned Obsolescence,&quot; <em>Quarterly</em></td>
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<td>Date</td>
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<td>References</td>
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<td>10/2, 7</td>
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<td>10/9</td>
<td>Midterm Exam</td>
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<td>10/14</td>
<td>Fall Student Recess</td>
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11/13, 18  
**Internet Industry and Network Neutrality**  

11/20 11/25  
**Student Presentations I**  

11/27  
**Thanksgiving Day**

12/2, 5  
**Student Presentations II**  

12/9 (Tue)  
**Final Exam 08:00 am – 10:50 am**  
non-cumulative

* Note: This schedule is tentative and may be subject to changes. I will provide more papers for each topic, if necessary.