

**Eastern Illinois University  
New Course Proposal  
ECN 3780, Industrial Organization**

Agenda Item #08-81  
Effective Spring 2010

**Please check one:**       New course     Revised course

**PART I: CATALOG DESCRIPTION**

1. **Course prefix and number:** ECN 3780
2. **Title:** Industrial Organization
3. **Long title:**
4. **Class hours per week, lab hours per week, and credit [e.g., (3-0-3)]:** 3-0-3
5. **Term(s) to be offered:**  Fall     Spring     Summer     On demand
6. **Initial term of offering:**  Fall     Spring     Summer    **Year:** 2010
7. **Course description:** Provides a survey of Industrial Organization, a branch of applied microeconomics which examines the causes and effects of different market structures on pricing and product choices. Students will analyze strategic economic interaction among consumers, firms, and government as it relates to subjects such as price discrimination, advertising, contracting, and anti-trust policy.
8. **Registration restrictions:**
  - a. **Identify any equivalent courses:** None
  - b. **Prerequisite(s):** ECN 2801G and ECN 2802G or permission of the department chairperson.
  - c. **Who can waive the prerequisite(s)?**  
 No one     Chair     Instructor     Advisor     Other (Please specify)
  - d. **Co-requisites** (course(s) which MUST be taken concurrently with this one): None
  - e. **Repeat status:**     Course may not be repeated.  
 Course may be repeated to a maximum of \_\_\_\_\_ hours or \_\_\_\_\_ times.
  - f. **Degree, college, major(s), level, or class** to which registration in the course is restricted, if any: Sophomore standing or above
  - g. **Degree, college, major(s), level, or class** to be excluded from the course, if any: Freshman standing
9. **Special course attributes** [cultural diversity, general education (indicate component), honors, remedial, writing centered or writing intensive] None
10. **Grading methods** (check all that apply):  Standard letter     C/NC     Audit     ABC/NC (“Standard letter”—i.e., ABCDF—is assumed to be the default grading method unless the course description indicates otherwise.)
11. **Instructional delivery method:**  lecture     lab     lecture/lab combined     independent study/research

## PART II: ASSURANCE OF STUDENT LEARNING

### 1. List the student learning objectives of this course:

Students enrolled in this course will:

- 1) Examine how firms interact with other economic agents in markets.
- 2) Identify conditions under which markets may be efficient or inefficient.
- 3) Examine the rationale for regulatory restrictions on anti-competitive behavior and counter-arguments.
- 4) Evaluate which public policies will better preserve and enhance *competition*.
- 5) Discuss the positive analysis of market behavior
- 6) Perform case studies using the following general approach:
  - i. Define the market within which the firm operates
  - ii. Identify theoretical models which best describe the industry
  - iii. Ascertain what predictions can be made about the firm with respect to pricing and output decisions
  - iv. Determine whether these price and output results indicate that government intervention is necessary in order to bring about an improved result for the consumer in this market.

### 2. Identify the assignments/activities the instructor will use to determine how well students attained the learning objectives:

|                             | Objective 1 | Objective 2 | Objective 3 | Objective 4 | Objective 5 | Objective 6 |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Midterm exam                | X           | X           | X           | X           |             |             |
| In-class oral presentations |             |             |             | X           | X           | X           |
| Research Paper              |             |             |             | X           | X           | X           |
| Final exam                  | X           | X           | X           |             |             |             |

### 3. Explain how the instructor will determine students' grades for the course:

Midterm Exam: 25% of overall grade  
 Final Exam: 20% of overall grade  
 Research Paper: 30% of overall grade  
 In-class oral presentations: 25% of overall grade

### 4. For technology-delivered and other nontraditional-delivered courses/sections, address the following:

This is not a technologically-delivered course

### 5. For courses numbered 4750-4999, specify additional or more stringent requirements for students enrolling for graduate credit. Not Applicable

6. If applicable, indicate whether this course is writing-active, writing-intensive, or writing-centered, and describe how the course satisfies the criteria for the type of writing course identified. (See Appendix \*.)  
Not Applicable

### **PART III: OUTLINE OF THE COURSE**

**Provide a week-by-week outline of the course's content. Specify units of time (e.g., for a 3-0-3 course, 45 fifty-minute class periods over 15 weeks) for each major topic in the outline. Provide clear and sufficient details about content and procedures so that possible questions of overlap with other courses can be addressed. For technology-delivered or other nontraditional-delivered courses/sections, explain how the course content "units" are sufficiently equivalent to the traditional on-campus semester hour units of time described above.**

- Week 1: Theory of the Firm and Costs  
- Definition of a Firm  
- Profit-maximization Hypothesis
- Week 2: Market Structures:  
Perfect Competition  
- Market Efficiency  
- Market Entry and Exit
- Week 3: Market Structures:  
Monopolies, Monopsonies, and Dominant Firms  
- Pricing Behavior  
- Cost Distortions  
- Rent-seeking Behavior
- Week 4: Market Structures:  
- Cartels  
- Oligopolies
- Week 5: Market Structures:  
- Product Differentiation and Monopolistic Competition  
- Spatial Competition  
- Advertising  
- Informational Product Differentiation  
- Disclosure
- Week 6: Industry Structure and Performance
- Week 7: Price Discrimination:  
- Perfect Price Discrimination  
- Multi-market (Third Degree) Price Discrimination  
- Personal Arbitrage and Screening (Second Degree) Price Discrimination

- Week 8: Strategic Behavior: Cournot and Bertrand Competition
- Week 9: Strategic Behavior: Vertical Integration and Vertical Restrictions
- Week 10: Decision Making over Time: Durability
- Week 11: Patents and Technological Change
- Week 12: Antitrust Laws and Policy
- Week 13: Regulation and Deregulation
- Week 14: Oral Presentations and Review of Topics covered in Weeks 1-13
- Week 15: Oral Presentations and Review of Topics covered in Weeks 1-13

#### **PART IV: PURPOSE AND NEED**

##### **1. Explain the department's rationale for developing and proposing the course.**

Industrial Organization is a central element of the culture of microeconomics. The department recognizes the need for students to be introduced to the material presented in this course. Further, in line with the department's commitment to providing Economics majors and minors with a comprehensive pool of electives, Dr. Leonce was hired specifically to develop this course, which is currently not offered to students, and for which no close substitute course exists. The material in this course is also applicable to Business majors; ECN 2802G is a requirement for all Business majors.

##### **2. Justify the level of the course and any course prerequisites, co-requisites, or registration restrictions.**

The new course is appropriate for sophomores, juniors, and seniors and the 3000- designation qualifies it for undergraduate elective credit. The course covers extensive *applied* microeconomic theory, and therefore initial exposure to basic microeconomic concepts (covered in ECN 2802G) is required.

##### **3. If the course is similar to an existing course or courses, justify its development and offering.**

###### **a. If the contents substantially duplicate those of an existing course, the new proposal should be discussed with the appropriate chairpersons, deans, or curriculum committees and their responses noted in the proposal.**

This course is not similar to any existing course

###### **b. Cite course(s) to be deleted if the new course is approved. If no deletions are planned, note the exceptional need to be met or the curricular gap to be filled.**

No deletions are planned.

#### 4. Impact on Program(s):

- a. This course will be an approved elective for Economics majors and minors.
- b. This is not a graduate course

#### PART V: IMPLEMENTATION

1. **Faculty member(s) to whom the course may be assigned:** Dr. Tesa E. Leonce or any qualified member of the economics faculty.
2. **Additional costs to students:** There will be no additional costs to students
3. **Text and supplementary materials to be used (Include publication dates):**  
Carlton, Dennis and Jeffrey Perloff, *Modern Industrial Organization*, 4E. Addison-Wesley 2004

#### PART VI: COMMUNITY COLLEGE TRANSFER

**If the proposed course is a 1000- or 2000-level course, state either, "A community college course may be judged equivalent to this course" OR "A community college course will not be judged equivalent to this course." A community college course will not be judged equivalent to a 3000- or 4000-level course but may be accepted as a substitute; however, upper-division credit will not be awarded.**

Not Applicable

#### PART VII: APPROVALS

**Date approved by the department or school:** September 17, 2008

**Date approved by the college curriculum committee:** October 3, 2008

**Date approved by the Honors Council (*if this is an honors course*):**

**Date approved by CAA:**                      **CGS:**

\*In **writing-active courses**, frequent, brief writing activities and assignments are required. Such activities -- some of which are to be graded -- might include five-minute in-class writing assignments, journal keeping, lab reports, essay examinations, short papers, longer papers, or a variety of other writing-to-learn activities of the instructor's invention. Writing assignments and activities in writing-active courses are designed primarily to assist students in mastering course content, secondarily to strengthen students' writing skills. In **writing-intensive courses**, several writing assignments and writing activities are required. These assignments and activities, which are to be spread over the course of the semester, serve the dual purpose of strengthening writing skills and deepening understanding of course content. At least one writing assignment is to be revised by the student after it has been read and commented on by the instructor. In writing-intensive courses, students' writing should constitute no less than 35% of the final course grade. In **writing-centered courses** (English 1001G, English 1002G, and their honors equivalents), students learn the principles and the process of writing in all of its stages, from inception to completion. The quality of students' writing is the principal determinant of the course grade. The minimum writing requirement is 20 pages (5,000 words).