

Eastern Illinois University  
**NEW COURSE PROPOSAL**

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

**PART I: CATALOG DESCRIPTION**

1. **Course prefix and number:** ECN 5480
2. **Title:** Advanced Industrial Organization
3. **Long title:** Advanced Industrial Organization
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:** 2011

**Course description:** The course provides a graduate level introduction to topics in Industrial Organization including concentration, size, competition; entry deterrence, antitrust; price leadership and discrimination; fair trade; unfair competition and public policy.

**7. Registration restrictions:**

**a. Identify any equivalent courses:** None

**b. Prerequisite(s):** ECN 4802, 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:  
Graduate standing

**g. Degree, college, major(s), level, or class** to be excluded from the course, if any: Freshman, Sophomore,  
and Junior standing

8. **Special course attributes** [cultural diversity, general education (indicate component), honors, remedial, writing centered or writing intensive] None
9. **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.)
10. **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) Understand how firms interact with other economic agents in markets.
- 2) Develop a working knowledge of seminal articles in the field by completing an intensive survey of the literature.
- 3) Evaluate the structure, conduct, and performance of firms in various industries, and their effect on economic welfare.
- 4) Identify how price and non-price competition among firms affect economic welfare.
- 5) Analyze and evaluate models of monopoly, oligopoly, and competition.
- 6) Analyze and evaluate various industries by performing case studies.

**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	X	
Industry Expert Analyses (In-class oral presentations)	X	X	X	X	X	X
Research Paper			X	X	X	X
Final exam	X	X	X	X	X	

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

Midterm Exam:	25% of overall grade
Final Exam:	25% of overall grade
Research Paper:	30% of overall grade
Industry Expert Analyses (oral presentations):	20% 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: Review of Mathematical Economics:
- Economic Optimization Problems
  - Calculus Review
- Week 2: Theory of the Firm:
- What is a Firm?
  - Profit-Maximization Hypothesis
- Week 3: Social Optimum – First Best Solution
- Competition
  - Welfare Analysis
- Week 4: Market Structure - Monopoly:
- Pricing Behavior
  - Cost Distortions
  - Rent Seeking Behavior
- Week 5: Price Discrimination:
- Perfect Price Discrimination
  - Personal Arbitrage and Screening (Second Degree) Price Discrimination
  - Multi-market (Third Degree) Price Discrimination
- Week 6: Market Structure:
- Product Differentiation and Monopolistic Competition
  - Spatial Competition
  - Advertising
  - Product Space and Selection
  - Disclosure
- Week 7: Noncooperative Game Theory
- Games and Strategies
  - Nash Equilibrium
  - Perfect Equilibrium
  - Bayesian Equilibrium
- Week 8: Strategic Behavior: Short-run Price (Bertrand) Competition:
- Solutions to Bertrand Pricing
  - The Bertrand Paradox
  - Decreasing Returns to Scale and Capacity
  - Constraints
- Week 9: Dynamic Price Competition and Tacit Collusion

- Dynamic Price Competition
  - Price Rigidities
  - Reputation for Friendly Behavior
- Week 10: Strategic Behavior: Short-run Output (Cournot) Competition:
  - Static model of oligopoly: Cournot Solution
  - Variations of the Cournot Theme: Many Firms and Different Costs
  - Concentration and Profitability in the Cournot Model
- Week 11: Public Policy: Regulation and Deregulation
- Week 12: Public Policy: Antitrust Laws and Policy
- Week 13: Public Policy: Patents & Technological Change
- 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 an important component of microeconomics. The Economics department recognizes the need for graduate students to pursue advanced studies in this field. The department is committed to providing a comprehensive pool of electives for graduate students with the goal of enriching their academic experience. In line with this objective, a major consideration in hiring Dr. Leonce was her expertise in this area. This course is not currently offered to graduate students, and no close substitute course exists.

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

The new course is appropriate for graduate students and the 5000- designation qualifies it for graduate elective credit. The course covers advanced applied microeconomic theory, and therefore exposure to intermediate microeconomic concepts (covered in ECN 4802G) 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. In addition, once this course is approved, this will fill a curricular gap since Industrial Organization is a course offered at a large number of Economics departments, and

it remains a popular field. This course can also be highly useful to MBA students, particularly those with a specialization in Business Strategy.

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

- a. This is not an undergraduate course
- b. This course will not be a core requirement for all candidates in Master of Arts in Economics program. This course will be an approved elective for graduate students in this program.

**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):**  
Shy, Oz (1996) Industrial Organization: Theory and Applications, MIT Press, 1996.

**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:** February 15, 2011

**Date approved by the college curriculum committee:** March 11, 2011

**Date approved by 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).