Ec 106: Topics in Industrial Organization

Mon/Weds. 10.30am-12 noon
Location: Baxter 315

Professor: Matthew Shum
                                          e-mail: mshum@caltech.edu
                                          office: Baxter 301D
                                          office hours: by appointment

Course Website: http://www.hss.caltech.edu/~mshum/ec106/ec106.html

It is a **requirement** to check this website regularly: **you are responsible for all information posted there**. Lecture notes and the problem sets will be posted on the website.

1 Organization

Since this is an upper-level class, student participation and student presentations constitute an integral part of this couse. Grades will be determined as:

1. Problem sets/paper presentations (30%)
2. Midterm exam (30%)
3. Class presentation/paper (40%)

Note that there will be no final exam. Instead, the bulk of the grade will be determined by a class project. For this project, you will give a 30 mins. in-class presentation, as well as a 15-page accompanying paper.

2 Introduction

This course applies economic theory to the study of the organization of firms, industries, and markets. It draws on game theory, transaction cost analysis, information theory, and the economic analysis of the law to provide detailed consideration of firm behavior (including business practices and strategies) and the goals and effects of government intervention.

Since this is a "topics" class, what we cover in class can be flexible, depending on the interests and previous experience of the students. This year, we will focus on consumer decision-making in environments where they face uncertainty, with a focus on internet markets. We will cover: auctions, price search, product differentiation, and consumer learning. For each topic we will cover the theory as well as consider applications from the real world (primarily from the internet).

Topics to be covered:

- Auctions: theory (I)

- Applications

- Auctions: theory (II)

- Applications

- Auctions: data and experiments

- Search and price dispersion: theory

- Applications

- Product differentiation

- Applications

- Learning and dynamics of consumer behavior