



Course Syllabus
Department
ECON 522 Firms and Markets
Spring 2020

Instructor: Umut Türk
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Office/Phone:
Office Hours:

Course days and hours: 42 hours (see course outline for details)

Labs:

Location:

Course Credit: **Prerequisites:** Microeconomics, Game Theory

Course Description: This course covers topics in traditional Industrial Organization: imperfect competition, oligopoly theory, price discrimination, advertising and other marketing tools.

Required Textbook/s: 1) Church, J. R., & Ware, R. (2000). Industrial organization: a strategic approach (pp. 367-69). Boston: Irwin McGraw Hill.

2) Belleflamme, Peitz Industrial Organization, Markets and Strategies, Cambridge University Press (2010).

Additional Resources: Tirole, J.: The Theory of Industrial Organization, MIT Press, 1988.
Green, J.R. and Scotchmer, S. On the Division of Profit in Sequential Innovation. RAND Journal of Economics (1995)

Learning Objectives and Outcomes:

By the end of this course, students will be able:

1. In the first part, the course will provide students with an understanding of the key functions of markets and competition.
2. Students will get familiar with imperfect competition conditions where firms hold market power and with causes and consequences of market power.
3. In the second part, students will be trained on innovation in ICT: the set of technologies used to manage information which is anything that can be digitized. More specifically how to protect innovation? With a particular attention to patents: optimal patent policy in the case of isolated innovation and with cumulative innovation in terms of patent length and breadth.
4. Social value of Innovation in cases of imitation.

Teaching Methodology:

Learners will be provided with as much opportunities of hands-on practice as possible with the aim of striking a balance between learner-centeredness and sufficient guidance. Various forms of interaction (i.e. pair work and group work) will also be encouraged to cater for learners with different learning styles. Additionally, individuals will be expected to produce homework assignments in addition to the reading tasks, which will encourage them to reflect and think critically. Technology will also be incorporated into the classroom procedures in order to create a better learning environment.

Grade Distribution: *Final grades are based on the following*

<u>Evaluation Criteria</u>	<u>Percentage</u>
Assignments (4 total)	30%
Final	50%
Participation	20%
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Total: 100%	

Grading Scale:

A	4,00	90-100
A-	3,67	87-89
B+	3,33	83-86
B	3,00	80-82
B-	2,67	77-79
C+	2,33	73-76
C	2,00	70-72
C-	1,67	64-69
D+	1,33	56-63
D	1,00	50-55
F	0,00	0-49

For a detailed description of grading policy and scale, please refer to the website <https://goo.gl/HbPM2y> section 28.

Course Policies: For the AGU Make-up policy, please refer to the website <https://goo.gl/HbPM2y> section 26.

- Please, no eating in class
- English should be used at all times to communicate with one another during instruction hours.
- Please, respect the allotted times provided for breaks.
- Cell phones must be turned off and put away during class. Personal computers are only to be used during in-class lab times and only for class assignments. Unless it is part of the lecture time activity assigned by the instructor, do not use the computer. When using the computer do not surf on the web or write personal emails, etc. Consequences include but are not limited to loss of participation points, extra assignments, and/or being asked to leave the classroom.
- Please, bring the required materials, including textbooks and notebooks.
- Please be prepared, having read, written and studied the assigned lessons, articles, or passages;
- Please be ready to write assignments in class that will be graded; and most importantly work cooperatively with other students.

Attendance Policy:

- Be in the class on time (being late for class is an extreme annoyance to the entire class).
- Class attendance is strongly recommended and will count toward your participation grade. Regular class time will include informal assessment activities for which points

will be assigned. Participation in these activities will help you prepare for exams and homework and also provide me with feedback on your progress.

- For a detailed description of AGU attendance policy, please refer to the website at <https://goo.gl/HbPM2y> section 25.

Email Policy:

When contacting the instructor or the course assistant, please use the Canvas email feature. Only use my firstname.lastname@agu.edu.tr if Canvas is not accessible (server down, etc). Include in the subject line the class and section number (CISXXX, Section XXXX). If this information is not included, your email may not be answered. Any announcements or warnings will be send to your AGU e-mail. Therefore it is the responsibility of every student to read his/her AGU e-mails and CANVAS emails regularly. AGU webmail can be accessed through <https://mail.agu.edu.tr>

Cheating & Plagiarism:

You are responsible for knowing the University policies on cheating and plagiarism. Not giving credit to a person for their intellectual work and passing it off as your own is stealing.

Specifically:

- 1) Copying or allowing someone to copy your work on an exam, homework, or in class assignment is cheating.
- 2) Cutting and pasting material from the web or any other electronic source is plagiarism.
- 3) Copying and turning in the same assignment as someone else, from this class or from another class, is cheating. Unless explicitly told otherwise, you can discuss and problem- solve on homework together but the final product has to be your own – not just your own handwriting but your own way of explaining and organizing your ideas.
- 4) Making superficial changes (minor additions, deletions, word changes, tense changes, etc) to material obtained from another person, the web, a book, magazine, song, etc. and not citing the work, is plagiarism. The idea is the intellectual property, not the specific format in which it appears (e.g., you wouldn't reword Einstein's theory of relativity and imply that relativity was your own idea, would you?)
- 5) If you find material and it is exactly what you are trying to say, or you want to discuss someone's idea, give the person credit and cite it appropriately. Don't overuse citations and quotes: instructors want to know how you think and reason, not how some one else does.

If you have any questions or concerns about whether your behavior could be interpreted as plagiarism, please ask the assistants or me before you submit the work.

For a detailed description of AGU policies, please refer to the website at <https://goo.gl/FjLhzH>

Course Outline:

Week	Date	Topic	LAB	Description, Assignments and Required Readings
1st	Feb 04	Introduction		
2nd	Feb 11	Perfect Competition, Profit Maximization, Consumer/Producer Surplus, Pareto Optimality, Monopoly, Welfare Economics, Lerner Index, Sources of Market Power		J.R.Church, Roger Ware Ch.2, Ch.4 Ch.5,Ch.6
3rd	Feb 18	Game Theory Classic Models of Oligopoly, Static Oligopoly Models, Cournot Competition, Market Power and Efficiency, Herfindahl-Hirschman Index		J.R.Church, Roger Ware Ch.7, Ch.8 Ch.9
4th	Feb 25	Dynamic Models of Oligopoly, Collusion, Sequential Choice Stackelberg		J.R.Church, Roger Ware Ch.10, ; Belleflamme, Peitz Ch. 4
5th	Mar 03	Vertical Product Differentiation		Belleflamme, Peitz Ch. 5
6th	Mar 10	Horizontal product differentiation		Belleflamme, Peitz Ch. 5
7th	Mar 17	Empirical analysis of product differentiation		Belleflamme, Peitz Ch. 5
8th	Mar 24	LFW		
9th	Mar 21	Advertising and related marketing strategies		Belleflamme, Peitz Ch. 6
10th	Apr 07	Spring Break		
11th	Apr 14	Consumer inertia		Belleflamme, Peitz Ch. 7
12th	Apr 21	Empirical investigation of price dispersion		Belleflamme, Peitz Ch. 7
13th	Apr 28	Asymmetric information, price and advertising signals		Belleflamme, Peitz Ch. 11
14th	May 5	R&D and intellectual property		Belleflamme, Peitz Ch. 18
15th	May 12	Intellectual property		Belleflamme, Peitz Ch. 19
16th	May 16-23	Final Exam Week	Final Exam	Final Exam