

EEP 142 Industrial Organization with Applications to Agriculture and Natural Resources

Spring Semester- Sofia Villas-Boas

Course Summary:

Industrial organization is concerned with the workings of markets, in particular, the way firms interact and compete with each other. This course covers some of the firms' strategies that are characteristic of market interaction: price competition, product differentiation, price discrimination, predatory pricing, vertical integration, dealer networks and advertising. In addition we study the role of public policy in the markets: (1) regulatory laws, such as agricultural price support programs and marketing orders and (2) antitrust or competition policy. Some of the agricultural and natural resource applications we discuss are: the oil cartel OPEC; the diamonds cartel De Beers and the motives for its policy and reputation for not lowering prices, agricultural cooperatives, predation and acquisition of rivals in tobacco industry; vertical integration of food processors; franchising of fast-food chains; the role of hygiene grade cards in reducing asymmetric information and provision of quality.

Course Logistics:

Instructor: Sofia B. Villas-Boas

Email: sberto@are.berkeley.edu

Office: 310 Giannini Hall

Office hours: Thursday 3:30-5 pm or by appointment

Class web-page: <http://socrates.berkeley.edu/~villas/eep142.html>

The class meets on Tuesdays and Thursdays from 2 to 3:30pm in 2326 Tolman.

Final Exam: (Exam Group 2)

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Course Requirements:

- 4 Problem sets 20%
- Group project and presentation 20%
- Midterm, in class, March 20% (optional)
- Final Exam 60% (or 40% if midterm counts – see below)
- Problem sets will be posted on the webpage approximately every two weeks. Problem sets are due in-class and solutions will be posted on the late afternoon of the day the problem sets are due. Late submissions will be only accepted if accompanied by official justification (medical, jury duty, or other). Graded problem sets are returned in class.
- Re-grading requests of problem sets are accepted within one week of the graded problem sets being returned in class. Grade can go up or down of course...
- There will be no “official” midterm **but** on the last lecture before Spring Break (March) there will be an informative, in-class, midterm that I will grade. The midterm grade does only count towards your final grade if you want to, and the weight is 25%. You can decide on that within one week after you get the grade by sending me an email. In any case I’ll inform you of the grade histogram and return the suggested answers to the midterm on the next lecture after Spring-Break.
- There will not be another day to take the final exam for students who cannot take the exam on the scheduled day.
- There will be no sections.

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Course Textbooks/Notes:

- **Required:** *Modern Industrial Organization*, Dennis W. Carlton and Jeffrey Perloff, 3rd Edition, Reading, MA: Addison-Wesley, 2000. A copy of this textbook is available in the Moffitt Library
- **Suggested:** *Introduction to Industrial Organization*, Luis M. B. Cabral, The MIT Press, Cambridge, MA, 2000.
- **Notes** of each of the lectures are available on the webpage. Problem sets are downloadable from the web-page. It is suggested that you print the handouts for each lecture and bring them to class.

Problem sets and Group Project:

Problem set 1

Getting Started – distributed due end January.

Problem set 2

Market Structures –due end February.

Problem set 3

Strategies and Conduct – due before Spring Break.

Group Project Requirement 1 – due on the optional Midterm day.

Please email me at sberto@are.berkeley.edu a one page topic description for your group project – recommend 3 or less students per group. Please identify the group members.

Please see more detail about this on the web-page. Past year's projects were:

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Problem set 4

Information and Advertising, vertical issues – distributed after Sp. Break due end of April

Group Project Requirement 2 –Presentation

Student presentations are during last lectures in May.