

Outline – 2<sup>nd</sup> half

**Main references:** We will follow Tirole (T) and Carlton and Perloff (CP).

Carlton and Perloff (2000): *Modern Industrial Organization*, Dennis W. Carlton and Jeffrey Perloff, 3rd Edition, Reading, MA: Addison-Wesley, 2000.

Tirole (1989) : *The Theory of Industrial Organization*, Jean Tirole, 1989, The MIT Press.

**Assignments and Grading:**

- 3 Problem sets 50%
  - Problem set 1 - due lecture 5, March 31<sup>st</sup>.
  - Problem set 2 – due lecture 10, April 13<sup>th</sup>.
  - Problem set 3 – due lecture 15, May 5<sup>rd</sup>
- Classroom participation 10% (prepared readings, contribution to paper discussions)
- Referee report on empirical papers /past second year papers 10%
  - Links to articles and empirical projects are available on the class webpage: [http://socrates.berkeley.edu/~villas/mat\\_are202.html](http://socrates.berkeley.edu/~villas/mat_are202.html)
- Final Exam 30% -date to be determined.

**Course Weekly Description – Tentative:**

Lecture 1. Thursday March 10<sup>th</sup>

Monopoly and Provision of Quality (T, ch 2).

Lecture 2. Friday March 11<sup>th</sup>

Asymmetric Information models of product quality (T, ch 2)

- The moral hazard, the Adverse Selection problem
- Information Revelation

Lecture 3. Tuesday March 15<sup>th</sup>

Asymmetric info. (cont.)

Thursday March 17<sup>th</sup> – Midterm, no lecture

Empirical paper session 1: Friday March 18<sup>th</sup>.

Referee Report guidelines.

Empirical project question formulation, preliminary results.

Division of referee reports and presentations among students.

Outline – 2<sup>nd</sup> half

Spring break March 21-25<sup>th</sup>

Lecture 4. Tuesday, March 29<sup>th</sup>

Imperfect Information and Search models

- Search costs, Diamond(1971)
- Imperfect Information: Informed/uninformed consumers  
Salop and Stiglitz (1977), Salop (1977).

Lecture 5. Thursday, March 31<sup>st</sup>, **problem set 1 due.**

Imperfect Information (cont.)

Empirical paper session 2. Friday April 1<sup>st</sup>

- Empirical paper: Jin and Leslie, (2003). Referee report due.

Lecture 6, Tuesday April 5th

Imperfect Information (cont.)

Lecture 7, Thursday April 7th

Dynamic Price Competition and Tacit Collusion(T ch 6)

- Green and Porter (1984) , Porter (1983)

Empirical paper session 3. Friday April 8<sup>th</sup>

- Second year project: Scorse, (2002). Referee report due.

Lecture 8, Tuesday April 12th

Dynamic Price Competition and Tacit Collusion (cont.)

Lecture 9, Thursday April 14th

Strategic behavior (T ch 8)

- Entry Accommodation, Exit
- Commitment

Empirical paper session 4. Friday April 15<sup>th</sup>

- Second year project: Vasquez, (2003). Referee report due.

Outline – 2<sup>nd</sup> half

Lecture 10. Tuesday, April 19<sup>th</sup> **problem set 2 due.**

Strategic behavior (cont.)

Lecture 11. Thursday, April 21

Vertical Integration and Vertical contracts (T ch 4, CP ch 12)

Lecture 12. Friday, April 22

Vertical Integration and Vertical contracts (cont.)

Lecture 13. Tuesday, April 26<sup>th</sup>

Theory of the Firm (T ch 2, CP ch 2)

- Vertical Boundaries of the firm/Theory of the firm
- Transaction costs, Incomplete Contracting

Empirical paper session 5. Thursday April 28<sup>th</sup>

.Joskow (1987), Hastings (2004). Referee report due.

Lecture 14. Friday, April 29<sup>th</sup>

Introduction to Auctions

Lecture 15, Tuesday May 3<sup>rd</sup> **problem set 3 due.**

Auctions (cont.)

Lecture 16, Thursday May 5<sup>th</sup>

Auctions (cont.) Porter and Zona (1993)

Empirical paper session 6. Friday May 6<sup>th</sup>

Brown (2004). Referee report due.

Empirical paper session 7. Tuesday May 10<sup>th</sup>

Kiesel (2004), Ferraz (2005) . Referee report due.