Instructor: Prof. Huseyin Yildirim, Soc Sci 205, Phone: 660-1805, E-mail: hy12@duke.edu
TA: Ken Chu, E-mail: ken.n.chu@duke.edu
Time and Location: TTh 1:25 - 2:40 PM, Soc Sci 311
Office Hours: TTh: 3:00 - 4:00 PM, Soc Sci 205 (Yildirim); MW 6:30-7:30 PM, Languages 208 (Chu)

Note: The textbook is a fun, concise read of the material. We will use it as a reference, but the formal treatment will be more technical, comparable to Intermediate Microeconomics, and based mostly on my own notes.

Course Description: IO is the study of oligopolistic markets in which only a small number of firms operate. Beginning with the basic oligopoly models, Bertrand vs. Cournot, the consequences of strategic behavior on collusion, price discrimination, product differentiation, advertising, entry/exit, and technology will be examined. The analysis will be formal, and utilize concepts and techniques from Intermediate Microeconomics. Basic calculus is needed.

Pre-requisite: ECON 205 (Intermediate Microeconomics)
Grading: Your grade will be based on two exams and 6-8 problem sets, with the following weights:

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\begin{align*}
\text{Problem sets} & \quad 10\% \quad (\text{Drop lowest two}) \\
\text{Midterm} & \quad 40\% \\
\text{Final} & \quad 50\%
\end{align*}
\]

No notes or books will be allowed in the exams. Makeup exams will be given only in case of a dean’s or doctor’s excuse.

Re-grading Policy: Once midterm exams are returned, you have 2 days for a re-grade request. Please write down the question # and your rebuttal, and submit it to me. Note that since grading mistakes can happen in both directions, your entire exam, not just the specific questions, may be re-evaluated. Note also that since official grades have to be submitted right after, a rebuttal for the final exam is possible only at the beginning of the following semester, though you may inquire about an earlier meeting time with me.

Special Exam Accommodations: Per the University rule, students with “approved accommodations” must inform the professor, preferably at the beginning of the semester.

Tentative Schedule:

- **Warming up**

  Ch.1: What is Industrial Organization?
  Ch.7: Games and strategy

- **Monopoly**

  Ch.5: Monopoly and regulation
• **Basic Oligopoly Models: Bertrand vs. Cournot**

Ch.8: Oligopoly competition  
Ch.9: Collusion and price wars  
Ch.10: Market structure and market power  
MIDTERM EXAM (Thursday, Feb. 27, in class)

• **Price and Nonprice Strategies**

Ch.6: Price Discrimination  
Ch.13: Vertical Relations  
Ch.14: Product Differentiation advertising

• **Innovation**

Ch.15: Incentives, diffusion, and public policy

• **Economics of Contracts** (if time permits.)

FINAL EXAM (Thursday, April 30, 9:00 AM - Noon, in class)