

**KANSAS STATE UNIVERSITY**  
**Department of Economics**

**INDUSTRIAL ORGANIZATION AND PUBLIC POLICY**  
**(Economics 640)**

Spring 2009  
T, Th 11:30-12:45  
Waters 333

Professor Dennis Weisman  
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<http://www.k-state.edu/economics/weisman/flash.htm>

**PURPOSE OF COURSE**

The purpose of this course is to introduce students to the fundamentals of industrial organization and public policy. Course topics include antitrust law and economic analysis, horizontal and vertical mergers, elementary game theory, the theory of market structure, price discrimination and bundling and predation. Recent topics in the business press will also be covered.

One goal of this course is to help students understand and analyze current economic issues in the news. Frequent references to articles from the *Wall Street Journal* will be made during the course of the semester. You may want to consider subscribing to the *Wall Street Journal*, but you are not required to do so. Other items of relevance in the news will be used to facilitate class discussion.

**PREREQUISITES**

Economics 120 and a working knowledge of College Algebra.

**READINGS**

The required textbook for this class is Stephen Martin. *Industrial Economics*, Macmillan, 1994. You are responsible for the pages assigned regardless of whether they are covered specifically in class. Additional readings may be assigned at various intervals throughout the semester to supplement the material in the textbook.

**COURSE REQUIREMENTS**

Grading in the course will be based on (i) a midterm examination; (ii) a final examination; and (iii) a research paper, each accounting for approximately one-third of your total grade. Problem sets will be assigned on a regular basis. These problem sets are essential to mastering the analytic techniques covered in the lectures. The guidelines for the research paper will be provided later in the term. The basic requirements are that it explore an issue in applied microeconomics, industrial organization or business strategy, be of approximately ten (typed, double-spaced) pages in length, and demonstrate insight and analytical thought. The paper should also provide ample references to the existing literature in the area. The paper is due at the beginning of class on April 30, 2009. Late papers will be penalized one letter grade per day.

## **TEACHING PHILOSOPHY**

I believe that students should be held to stringent standards of performance and that course grades should accurately and fairly reflect that performance. You should expect to devote considerable time outside of the classroom to reading the assigned material and working through problems. If you are unwilling or unable to commit to this level of effort, you are strongly encouraged to reevaluate the merits of enrolling in this particular class. Within these parameters, however, my goal is to make this course both interesting and challenging while helping you develop a set of tools that will be of significant benefit to you in your respective careers.

## **OFFICE HOURS**

Tuesday and Thursday, 9:45AM-11:15AM and by appointment.

## **TOPICS AND ASSOCIATED READINGS**

1. Introduction: What is Industrial Organization?

(M) Chapter 1.

2. Review of Basic Microeconomic Theory.

(M) Chapter 2.

3. Introduction To Public Policy In Industrial Organization.

(M) Chapters 3 and 18.

Robert W. Crandall and Clifford Winston, "Does Antitrust Policy Improve Consumer Welfare? Assessing the Evidence." *The Journal of Economic Perspectives*, Vol. 17(4), Fall 2003, pp. 3-26.

Jonathan Baker, "The Case for Antitrust Enforcement." *The Journal of Economic Perspectives*, Vol. 17(4), Fall 2003, pp. 27-50.

4. The Dominant Firm.

(M) Chapter 4.

5. Theories of Oligopoly I.

(M) Chapter 5.

6. Theories of Oligopoly II.

(M) Chapters 6 and 12.

7. Price Discrimination and Tying Arrangements.

(M) Chapter 15.

8. The Theory of Predation.

(M) Chapter 16.

9. Vertical Restraints.

(M) Chapter 17.

10. Current Issues To Be Announced.

### **ACADEMIC HONESTY AND INTEGRITY**

Kansas State University has an Honor & Integrity System based on personal integrity which is presumed to be sufficient assurance in academic matters that one's work is performed honestly and without unauthorized assistance. Students, by registration, acknowledge the jurisdiction of the Honor & Integrity System. The policies and procedures of the Honor System apply to all full and part-time students enrolled in undergraduate and graduate courses on-campus, off-campus, and via distance learning. Failure to adhere to these standards of conduct are serious offenses and may be punished by failure on the examination, paper or project; failure in the course; and/or expulsion from the university.

## **DENNIS L. WEISMAN, Ph.D.**

Dr. Weisman is a Professor of Economics at Kansas State University and a member of the graduate faculty. A former Director of Strategic Marketing for SBC Communications, Inc. (now AT&T), and a research fellow with the Public Utility Research Center at the University of Florida, Dr. Weisman has over 25 years of experience in the areas of government regulation, competition policy and business strategy. He has testified in numerous regulatory proceedings to the economic and social impacts of regulatory policies and has served as an economic consultant to Fortune 500 Corporations and regulatory commissions on economic pricing principles, the design of incentive regulation plans and competition policy. His primary research interests are in strategic behavior, government regulation and antitrust. The author or co-author of more than 80 articles, books and book chapters, his work has appeared in the *Antitrust Bulletin*, *Economics Letters*, the *Journal of Regulatory Economics*, the *Yale Journal on Regulation*, *The Journal of Policy Analysis and Management*, and the *Federal Communications Law Journal*. Dr. Weisman's work has also been cited by the U.S. Supreme Court. He is the co-author of *DESIGNING INCENTIVE REGULATION FOR THE TELECOMMUNICATIONS INDUSTRY*, published by the MIT Press and the AEI Press in 1996, and *THE TELECOMMUNICATIONS ACT OF 1996: THE "COSTS" OF MANAGED COMPETITION*, published by Kluwer in 2000. He serves on the editorial boards of the *Journal of Regulatory Economics*, *Information Economics and Policy* and *The Review of Network Economics*. He also serves on the academic advisory board for the Institute for Regulatory Law and Economics. Dr. Weisman received his Ph.D. in economics from the University of Florida.