

**Econ 188/288: Competitive Strategy and Industrial Organization**  
FALL 2008

**Instructor:** Shakeeb Khan

**Office:** 211b Social Sciences

**Phone:** 660-1873

**E-mail:** shakeebk@duke.edu

**Office Hours:** Wednesdays 10:00-11:00 AM

**Time and location:** M, W 1:15-2:30 PM, Social Science 311

**Course Web Page:** <http://www.econ.duke.edu/shakeebk/Teaching/E188.html>

**Teaching Assistant:** Iaryna Gryniv

**Required Textbook:**

*Introduction to Industrial Organization* Luis Cabral

**Course Pre/Co-requisites:** Econ 105D, Some Calculus

**Grading:** There will be bi-weekly assignments, 2 midterm exams (in class) and a final.

**Scheme:**

- Assignments - 20%
- Midterm Exams - 40%
- Final Exam - 40%

**Dates:**

- Assignments - Due at beginning of class, on specified date.
- Midterm Exams(In Class) - Wednesday, October 8, 2008, 1:15-2:30 PM., Wednesday, Nov. 12, 2008, 1:15-2:30 PM.

- Final Exam(In Class) - Tuesday, Dec. 9, 2008, 7:00 PM- 10:00 PM.

## Course Objectives

This class will survey important topics in industrial organization. Industrial organization itself is the study of the ways firms compete with each other in markets and industries. The field is distinct from microeconomics for two main reasons 1)it studies firm strategies the depend on market interaction 2)it will consider market structures that are intermediate to the extremes of perfect competition and monopolies. After reviewing some of the basics in microeconomic theory, we will turn our focus on strategic interaction among firms in imperfectly competitive markets. Some of the topics we will elaborate on are oligopolies, collusion, and price discrimination. On the one hand, the analysis will be formal and rigorous, using and expanding upon concepts and methods for intermediate micro. On the other hand, we will also spend time on real life examples by discussing case studies relevant to the material in this course. Having said that, the emphasis of this course will be on applied theory, and less on rigorous empirical analysis.

### Course Outline(reading material in parentheses)

#### 1. Introduction/Review

- (a) Definitions, concepts (Chapter 1)
- (b) Review of Micro (Chapters 2,3)

#### 2. Beginnings of Strategic Interaction

- (a) Basics of Game Theory (Chapter 4)

#### 3. Extremes of Market Structures

- (a) Monopolies (Chapter 5)
- (b) (Near) Perfect Competition (Chapter 6)

#### 4. Oligopolies

- (a) Competition (Chapter 7)
- (b) Collusion (Chapter 8)
- (c) Market Structure (Chapter 9)

**5. Strategies**

- (a) Price Discrimination (Chapter 10)
- (b) Vertical Integration (Chapter 11)
- (c) Differentiation (Chapter 12)
- (d) Advertising (Chapter 13)

**6. Market Entry Exit**

- (a) Entry Costs (Chapter 14)
- (b) Strategic Behavior (Chapter 15)

**7. Research and Development**

- (a) Incentives and dynamics (Chapter 16)