

Econ 445, Summer Session II 2015
Monday through Friday, 11:30 a.m. to 1:00 p.m. in Murphy Hall 115
Instructor: Jeff Ackermann (jeffack@email.unc.edu)
Office: Phillips Annex 102. Office Hours: Tuesdays, 10:30 – 11:30 and 1:00 – 2:00

Course Overview

Why is it that airplane tickets get more expensive on the day of the flight, but Broadway tickets get less expensive on the day of the show?

Should Office Depot and Staples be allowed to merge?

Should Net Neutrality laws be passed?

These questions all relate to how firms make decisions. In this course, we will learn how some basic mathematical concepts and a few assumptions can help us answer abstract questions about how businesses behave and how government regulation can work.

Textbook

Modern Industrial Organization” by Carlton and Perloff. Any edition will do. The textbook is **optional**.

Grading

Item	Percentage	Dates
2 Midterm exams	50%	July 2; July 16
Final exam	35%	July 22 and 23
5 Homework assignments	15%	Jan 22; Feb 5; Mar 5; Mar 24; Apr 14

Exams

Each midterm will be worth 25% of your grade. The final exam is cumulative and is worth 35% of your grade.

There are no makeup exams. If you miss one midterm *and* your absence is excused, your final exam score will represent 60% of your grade.

If you have a documented illness, are participating in a University-sanctioned activity, or the assignment falls on a major religious holiday that has the potential of affecting your performance, your absence may be excused. Where applicable, you must provide documentation from a coach or doctor.

If you miss the final exam the absence is not excused, you will receive a score of 0% on your final exam.

Time Policy: To ensure each student has the same amount of time, all time cutoffs are strict. If you are observed writing on your midterm or final after the time limit has passed, you will receive a 10% penalty for each minute by which the limit has been exceeded. For instance, if you are observed writing 2 minutes after the time limit has passed, you will receive a 20% penalty.

Disabilities: If any student will require assistance or appropriate academic accommodations for a disability, please contact me after class, during office hours, or by individual appointment. You must have established your eligibility for disability support services through the Division of Student Affairs, Disability Services.

Homework Assignments

There will be five graded homework assignments. No late assignments will be accepted, but your lowest homework score will be dropped. You are permitted to work in groups, but everyone must turn in their own answers. See the section regarding the honor code for information on what resources you are permitted to use.

In general, I try not to ask for large volumes of homework. I'd rather ask you to do less, but expect you to do it well. This means that your work should be neat, easy to follow, and look like something that you are proud to turn in. Do not turn in anything that is multiple pages and unstapled.

I will occasionally assign ungraded problems. It is important that you get lots of practice doing lots of types of problems. Do not infer that "ungraded" means "unimportant".

Homework problems are designed to prepare you for exams. Because exams make up 85% of your grade, it is important that you take these assignments seriously.

Final Exam

The final exam will be cumulative. It will take place during the last two days of class. On the first final exam day (July 22), there will be short-answer questions. On the second final exam day (July 23), there will be multiple choice questions.

Attendance and Attention

No electronic devices (computers, tablets, cell phones, etc.) are permitted during class. All cell phones should be turned off – not set on vibrate. If there is a special circumstance requiring you to have your cell phone on during class, come speak to me before class begins. If you are observed using an electronic device during class, you will be asked to leave the classroom.

I encourage everyone to participate in the course. Feel free to ask questions and offer your comments during class. Because I need to keep the class moving at the appropriate pace, I may have to cut some discussions short; do not infer this as discouragement from participation but as the unfortunate result of having a large amount of material to cover in a small amount of time.

Honor Code

Your behavior is governed by the UNC Honor Code. If you do not yet understand your responsibilities under this code, I urge you to go to <http://honor.unc.edu> to learn more. I am also bound by the honor code and am required to report all cheating to the honor court. I will do my best to discourage cheating by actively proctoring exams, but there is a limit to what I can do. Ultimately, you should recognize that nothing we do in this course is worth jeopardizing your integrity over.

Honor Code – Homework Assignments

You can use the following resources to help you complete your homework assignments:

- Anyone currently taking this class
- Jeff Ackermann
- Any economics book, whether in electronic or traditional form.
- Course notes from another industrial organization course found online.
- Math software, including calculators and www.wolframalpha.com.
- Instructional websites, such as www.khanacademy.org.

Honor Code – Exams

The only resources you are allowed to use during an exam are:

- A pencil
- A calculator
- A straight-edge
- For each midterm, you are allowed to bring in one side of an 8.5 x 11" sheet of paper with anything on it legible to your naked eye. For the final, you are allowed to bring in all previous cheat sheets plus one additional. Thus, for the final you are allowed to have four sides of 8.5 x 11" sheets of paper.

Using any resource not expressly permitted above is an honor code violation. If you have any questions about what is permitted under the honor code in this course, please ask me.

Course Topics

The course can be broadly broken up into two components.

First, we will look at the actions of single firm, either as a monopoly or as part of a perfectly competitive equilibrium. We will examine how a monopolistic firm can use different pricing strategies to maximize profits.

Second, we will learn the basics of game theory. Using the tools provided by game theory, we will explore what happens when the payoff of one firm is affected by the actions of another. This will lead us to discussions of anti-competitive behavior such as cartels.