MODULE 1: MARKET FORCES

1. February 7
   Demand. Sensitivity of demand to prices and income, elasticities, substitutes and complements, estimating demand.

2. February 14
   Costs and Supply. Opportunity (marginal) costs, sunk cost and other cost concepts. The supply curve in competition.

   Due at start of class: Individual Problem Set 1.

3. February 28
   Competitive markets. Equilibrium, Perfect competition, profits in competitive markets, sources of profitability, curves and shifts.

4. March 7
   Monopoly pricing. Monopoly pricing, Surplus, properties of industries, sources of market power, social costs of monopoly, competition policy.

   Due at start of class: Individual Problem Set 2.

MODULE 2: ADVANCED REVENUE SCHEMES

5. March 21

   Due at the start of class: Group Project 1, Individual Problem Set 3.

6. March 28
   Midterm examination (in class). Same format as the practice exam (3 problems, largely quantitative). You may consult one page of notes (a standard-size piece of paper with anything on it you like) and a calculator.
Auctions. Types of auctions; the winner’s curse in common-value auctions; auctions and alternative selling mechanisms.

MODULE 3: IMPERFECT MARKETS

7. April 4


Due at the start of class: Individual Problem set 4

8. April 11

Hazards of price competition. Price setting in “commodity” markets: the “Bertrand trap” and how to avoid it.

Asymmetric information. What happens when the seller knows more than the buyer? When the manager knows more than the owner?

Group presentations: GE-Honeywell Merger (A & B), DeBeers

9. April 18

Competition and cooperation. Cooperative situations and how to produce them, trigger strategies, factors that make cooperation easier.

Product differentiation and positioning. The characteristics approach to consumer demand; product differentiation and price competition; strategic positioning games; differentiation strategies.

Due at start of class: Individual Problem Set 5.

Group presentations: Second- and third-generation wireless (A & B)

10. April 25

Entry and exit. Commitment and credibility, capacity expansion, product proliferation, long-term contracts. Predatory pricing and other exclusionary practices.

Due at start of class: Group Project 2.
11. May 2

Group presentations: Superjumbo, Microsoft (A & B)

12. May 9
Wrap-up

Practice Problems + Questions

Final examination handed out (Take Home). Same format as the practice exam, due on May 14.

Group presentations: Online Music (A & B), eBay (A & B)