



EXTENDED CAMPUS

COLLEGE *of* PROFESSIONAL
and CONTINUING STUDIES

ECON 5990-492: Special Studies: Government Relations to Business

Course Description:

This course studies the functioning of markets, focusing on imperfectly competitive markets. We will study the causes and consequences of firms' strategic behavior in such markets, as well as the role of public policies. The course emphasizes practical applications of economic theory and techniques to business problems. We will complement our theoretical work with empirical evidence from academic research and the popular press and analyze how the theories work in action.

Course Dates:

September 1 – December 31, 2018

Last day to enroll or drop without penalty: August 3, 2018

Site Director:

This is a three-credit hour online course. Please see your local Site Director or email our online site coordinator at aponline@ou.edu

Professor Contact Information:

Course Professor:	Qihong Liu
Mailing Address:	Department of Economics University of Oklahoma Norman, OK 73019
Telephone Number:	405-325-5846
Email Address:	qliu@ou.edu
Virtual Office Hours:	T/R 3-4pm (CST)
Professor availability:	The professor will be available via email to students during the above listed Virtual Office Hours and other methods by arrangement.

Textbook(s) and Instructional Materials:

1. Materials posted on the OU Canvas learning management system: Access Canvas at <https://canvas.ou.edu>, enter your OU NetID and password, and select course to access material. If you require assistance with Canvas, please click on the Help icon. You can search the Canvas guides, chat with Canvas support, or contact OU IT.

Note: Follett is the Advanced Programs contractual textbook provider. Should text changes become necessary after publication of the course syllabus, Advanced Programs will facilitate text returns/refunds only for texts purchased through Follett.

OU Email:

All official correspondence from instructors will be sent only to students' ou.edu address.

Online Orientation:

The College of Arts and Sciences offers an online orientation for students who are enrolled in online or blended courses. The purpose of the orientation is to ensure that students are well prepared both technically and practically to take online courses. The orientation can be found on their website at:

<http://www.ou.edu/content/cas/online/student-online-orientation.html>

The College of Arts and Sciences Online and Academic Technology Services office is here to assist you with any questions, problems, or concerns you may have. For assistance visit their website at

<http://www.ou.edu/content/cas/online/student-information.html> or contact them by telephone at: (405) 325-5854 or email: casonline@ou.edu

Course Objectives:

This course consists of two themes. In one theme, we focus on quantitative techniques for decision making and solving business problems. Our main analytical tools will be microeconomics and game theory. In the other theme, we analyze the role of regulation and public policies, particularly the US antitrust laws which try to create a balance between the benefits of coordination/consolidation and the detriments of market power. We will discuss various actual antitrust cases relating to the topics we cover, with a few classes devoted to selected cases.

Course Outline:

1. Chapter 1: Introduction
2. Chapter 2: Review of Perfect Competition and Monopoly
 - a. **Chapter 1 and 2 are for you to read on your own before class starts.**
3. Chapter 3: Market Structure and market power
4. Chapter 4: Monopoly pricing
 - a. Price discrimination, bundling and tie-in sales
5. Chapter 5: Game theory and applications
 - a. Static games and applications; dynamic games and applications
6. Chapter 6: Merger
 - a. Horizontal merger, vertical merger
7. Chapter 7: Selected topics
 - a. Vertical restraints; resale price maintenance; predatory pricing; monopoly gatekeepers; miscellaneous topics

Lecture notes will be posted under Canvas, under “Modules”

Tentative Course Schedule

September

1. Chapter 3
 - a. Measure of market concentration
 - b. How to define a market?
 - c. Measure market power
2. Chapter 4
 - a. Third-degree price discrimination
 - b. First-degree price discrimination; Two-part pricing and package price
 - c. Second-degree price discrimination
 - d. Bundling and tie-in sales

October

1. Chapter 5
 - a. Module 1: Game theory
 - b. Module 2: Application of static games
 - c. Module 3: Dynamic games and competition

November

2. 1 Chapter 5
 - a. Module 4: Price fixing, repeated games and collusion
3. Chapter 6
 - a. Module 1: Horizontal mergers
 - b. Module 2: Vertical relationships

December

1. Chapter 7
 - a. Vertical restraints
 - b. Predatory pricing
 - c. Monopoly gatekeepers
 - d. Miscellaneous topics

Assignments, Grading, and Due Dates:

Quizzes:

There will be five quizzes in the form of analytical and essay questions at the end of each chapter. They will be posted on Canvas and you will have 10 days to complete them. Therefore, you are expected to complete the assigned readings before the end of each chapter.

Final Examination:

The final exam will be in take-home format with analytical and essay questions and will be given one week before the last day of class.

Term Paper

An important requirement in ECON5990 is an individual research paper. There are two possible routes. **One route** is to study competition and market performance in a particular industry. You will gather information about the industry (such as products, determinants for demand and costs, historical developments, market share distributions, etc.), analyze its market structure and firms' competitive strategies, and suggest ways in which firms may gain competitive advantages and/or the industry performance may be improved.

To help you pick a topic, there are some things you should definitely do in the beginning of class or even before class starts. Review the syllabus and the topics we will be covering. If there is something specific that interests you, read the topic and related references further. Chapter headings in the course syllabus are often too broad. For example, there have been thousands of articles on market structure and market power. You would need to narrow it down. Talk to me if you have questions and make sure you are getting a narrow, but not too narrow, topic.

The other route is to apply what you learn in this class to a real-world setting. A particularly useful approach is to identify some kind of puzzle that you observe in practice. You then use the economic theories we learn in class to make sense out of the puzzle.

Below I list some pricing puzzles (Since they are already listed, they cannot be chosen for your research paper):

1. Movie Ticket Pricing
 - a. Movies are differentiated products.

- b. But we typically observe flat pricing across movies (even though prices vary across time of the day)
- 2. Countercyclical pricing
 - a. Price is lower when demand is higher (e.g., during holiday season).
- 3. Add-on pricing
 - a. High-end hotels used to charge for wi-fi yet low-end hotels provided wi-fi for free

Evaluation:

Your paper will be evaluated on how much I can learn from your paper, not number of pages/words. A paper studying an industry cannot exceed 6 pages, while a paper studying a puzzle cannot exceed 3 pages, 11-12 size font, 1.5-spacing with normal margin. You will need to work very hard in packing more insights into fewer words.

Topics, proposal and final paper need to be submitted online through Canvas.

More details will be provided at Canvas. Due dates are:

- 1. Topics (15%): due September 30
- 2. Proposal (25%): due November 9
- 3. Final paper (60%): due December 23

Grading:

This is a letter-graded course: A, B, C, D, or F.

Assignment	Due Date	Percent of Final Grade
Quizzes	TBA on Canvas	30%
Term paper	December 23, 2018	40%
Take home final exam	December 31, 2018	30%

Notice: Failure to meet assignment due dates could result in a grade of I (Incomplete) and may adversely impact Tuition Assistance and/or Financial Aid.

Policy for Late Work:

Please contact the professor regarding his/her policy for late work

Attendance Policy:

In addition to interaction via Canvas and email contact, students are required to contact the instructor via email or telephone **before** the beginning of the course term for an initial briefing. Although physical class meetings are not part of this course, participation in all interactive, learning activities is required.

Student assignments and student/instructor communications will be conducted via Canvas, although students may contact the instructor via telephone, postal mail, email, or fax as needed

Incomplete Grade Policy:

A grade of “I” is not automatically assigned, but rather must be requested by the student by submitting to the instructor a “Petition for and Work to Remove an Incompleted Grade” form. An “I” can never be used in lieu of an “F” nor can an “I” be assigned because of excessive failure to participate in class activities.

Technical Support Information:

If you experience technical problems, contact Information Technology by visiting their website at: <http://webapps.ou.edu/it/> or contacting them by telephone at: (405) 325-HELP (4357).

POLICIES AND NOTICES

Attendance/Grade Policy

Note: Attendance/absences do not apply to online courses. However, participation in all course activities is extremely important to student success in online courses.

Excused absences are given for professor mandated activities or legally required activities such as emergencies or military assignments. It is the policy of the University to excuse absences of students that result from religious observances and to provide without penalty for the rescheduling of examinations and additional required class work that may fall on religious holidays. Unavoidable personal emergencies, including (but not limited to) serious illness; delays in getting to class because of accidents, etc.; deaths and funerals, and hazardous road conditions will be excused.

If you are obtaining financial assistance (TA, STAP, FA, VA, Scholarship, etc.) to pay all or part of your tuition cost, you must follow your funding agency/institution's policy regarding "I" (Incomplete) grades unless the timeline is longer than what the University policy allows then you must adhere to the University policy. Students who receive Financial Aid must resolve/complete any "I" (Incomplete) grades by the end of the term or he/she may be placed on "financial aid probation." If the "I" grade is not resolved/completed by the end of the following term, the student's Financial Aid may be suspended making the student ineligible for further Financial Aid.

Students are responsible for meeting the guidelines of Tuition Assistance and Veterans Assistance. See the education counselor at your local education center for a complete description of your TA or VA requirements.

Academic Integrity and Student Conduct

Academic integrity means honesty and responsibility in scholarship. Academic assignments exist to help students learn; grades exist to show how fully this goal is attained. Therefore, all work and all grades should result from the student's own understanding and effort.

Academic misconduct is any act which improperly affects the evaluation of a student's academic performance or achievement. Misconduct occurs when the student either knows or reasonably should know that the act constitutes misconduct. Academic misconduct includes: cheating and using unauthorized materials on examinations and other assignments; improper collaboration, submitting the same assignment for different classes (self-plagiarism); fabrication, forgery, alteration of documents, lying, etc...in order to obtain an academic advantage; assisting others in academic misconduct; attempting to commit academic misconduct; destruction of property, hacking, etc...; intimidation and interference with integrity process; and plagiarism. All students should review the Student's Guide to Academic Integrity at http://integrity.ou.edu/students_guide.html

Students and faculty each have responsibility for maintaining an appropriate learning environment. All students should review policies regarding student conduct at <http://studentconduct.ou.edu/>

Accommodation Statement

The University of Oklahoma is committed to making its activities as accessible as possible. For accommodations on the basis of disability, please contact your local OU Site Director.

Adjustment for Pregnancy/Childbirth-Related Issues

Should you need modifications or adjustments to your course requirements because of documented pregnancy-related or childbirth-related issues, please contact me as soon as possible to discuss. Generally, modifications will be made where medically necessary and similar in scope to accommodations based on temporary disability. Please see <http://www.ou.edu/content/eoo/faqs/pregnancy-faqs.html>.

Title IX Resources

For any concerns regarding gender-based discrimination, sexual harassment, sexual misconduct, stalking, or intimate partner violence, the University offers a variety of resources, including advocates on-call 24/7, counseling services, mutual no-contact orders, scheduling adjustments, and disciplinary sanctions against the perpetrator. Please contact the Sexual Misconduct Office at smo@ou.edu or (405) 325-2215 (8-5), or the Sexual Assault Response Team at (405) 615 -0013 (24/7) to report an incident. To learn more about Title IX, please visit the Institutional Equity Office's website at <http://www.ou.edu/content/eoo.html>

Course Policies

Advanced Programs policy is to order books in paperback if available. Courses, dates, and professors are subject to change. Please check with your OU Site Director. Students should retain a copy of any assignments that are mailed to the professor for the course.

Any and all course materials, syllabus, lessons, lectures, etc. are the property of professor teaching the course and the Board of Regents of the University of Oklahoma and are protected under applicable copyright.

For more information about Advanced Programs, visit our website at: <http://www.goou.ou.edu/>

INSTRUCTOR VITA

Qihong Liu, Ph.D.

Education

- 2003 Ph.D. Economics, State University of New York at Stony Brook

Current Positions

Associate Professor (with tenure), Department of Economics, University of Oklahoma, 2013-Present

Frequently Taught Advanced Programs Courses

Managerial Economics II

Major Areas of Teaching and Research Interest

- Managerial Economics II
- Government Relations to Business

Representative Publications and Presentations

- "Competing with Complementors: An Empirical Look at Amazon.com" (with Feng Zhu), conditionally accepted, *Strategic Management Journal*.
Featured in "When Platforms Attack," *Harvard Business Review*, October 2015.
- "Is the Effect of Competition on Price Dispersion Non-Monotonic? Evidence from the U.S. Airline Industry" (with Mian Dai and Konstantinos Serfes), *Review of Economics and Statistics* 96(1), 161-170 (2014).
- "Price discrimination in two-sided markets" (with Konstantinos Serfes), *Journal of Economics & Management Strategy*, 22(4), 768-786 (2013).
- "Multi-Dimensional Price Discrimination" (with Jie Shuai), *International Journal of Industrial Organization* 31, 417-428 (2013).
- "Where Do New Economics Ph.D.S Go? Evidence from Recent Initial Job Placements" (with Sherrilyn Billger and Susan Chen), *Journal of Labor Research* 34(2), 312-338 (2013).
Cited as a further reading in American Economic Association's "Understanding the job market"

Representative Honors and Awards Received

- Summer grant, Networks, Electronic Commerce, and Telecommunications (NET) Institute, New York University, 2007 (with Konstantinos Serfes, equal share).
- Outstanding Reviewer, *International Journal of Industrial Organization*, 2015, 2013.

Major Professional Affiliations

- Industrial Organization Society