

Econ 467: Topics/Readings Sept 24-October 6, Important Dates

Th. September 24- Tu September 29

Cournot example (2 identical firms, $p=100-q$, marginal costs=10): reaction functions/ Isoprofit Diagrams. <http://www.ssc.wisc.edu/~munia/467/cournotisoprofitreactionfunctions.pdf>

Cournot (NE quantities): homogenous product, N identical Firms

Bertrand (NE prices): homogenous products

Differentiated products: NE prices, Sequential Equilibrium in prices, comparison with NE and Sequential Equilibrium in quantities (section)

Optimal Export Subsidy (firms choose quantities, only one country can use an export subsidy)

Readings:

Carlton and Perloff: Ch. 6 (e-reserves).

Classic Models of Oligopoly: Ch. 8, Church, J and Ware, R: Industrial Organization:

<http://homepages.ucalgary.ca/~jrchurch/page4/page5/files/PostedIOSA.pdf>

Carlton and Perloff: Ch. 18 (pages 590-600) (e-reserves).

Th. October 1- Tu October 6

Optimal export subsidies when both governments can subsidize

Remarks on the assumptions and results.

Boeing-Airbus case, issues

Readings:

Collision Course in Commercial Aircraft: Boeing-Airbus-McDonnell Douglas HBS 9-391-106.

Airbus vs Boeing Revisited: International Competition in the Aircraft Market, by D. Irwin and N.

Pavnik, NBER Working Paper 8648, December 2001 (selected pages) (e-reserves)

Civil Aircraft Power from European Commission (web page). Other materials used in class (NYTimes Sep 2 2009)

Important dates:

Th Oct 1: Homework 2 due

Tu October 6: Questions on Boeing-Airbus due (to be posted by Mon Sept 28)

Exam 1 review: to be scheduled (Monday Oct 5 or Tu Oct.6 in the evening)

Th October 8: Exam 1 (room to be announced)