Economics 467  
International Industrial Organizations  
Spring 2016  

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6418 Social Science  
Office Hours: Tu-Th: 1:45-2:45 pm  
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Course Description:  
This course will focus on the links between firms and international trade. We will study theoretical models, evaluate the effects of government policies and look at both aggregate empirical evidence and case studies. Intermediate Microeconomics (Econ 301) is a prerequisite for the course. Calculus will be used in the class.  

E-mail and WEB Page  
The class will be put on an electronic mailing list. This allows distribution of announcements and class related information to everyone. Please check your E-mail regularly (this is mandatory). The Web page for our class:  http://www.ssc.wisc.edu/~munia/467/  

Grading:  
Grading will be on the basis of three exams, and several homework assignments/class activities. NO LATE homework will be accepted. Students NEED TO TAKE THE THREE EXAMS to pass the class. The dates and weighting will be:  

<table>
<thead>
<tr>
<th>Exam</th>
<th>Weight</th>
<th>Date / Dates</th>
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<tbody>
<tr>
<td>Exam 1</td>
<td>30 %</td>
<td>Tuesday February 23</td>
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<tr>
<td>Exam 2</td>
<td>30 %</td>
<td>Tuesday April 5</td>
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<tr>
<td>Exam 3 (non-cumulative)</td>
<td>25 %</td>
<td>Thursday May 5(last day of class)</td>
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<tr>
<td>Homework/Class activities</td>
<td>15 %</td>
<td>TBA</td>
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Students will be graded on a curve with the course median at the mid B range. The grade distribution will be approximately as follows: A: 18%, AB: 12%, B: 35%, BC: 20%, C: 12%, lower than C: 3% (there is an absolute standard to pass the class).  

Readings  
(1) We will be using readings from a variety of sources. They will be available in e-reserves (access them through My UW), web links, class website.  
(2) Case Studies from Harvard Business School (instructions for online purchase will be sent via email) and other sources.  
(3) Recommended readings: you may want to consult these to complement what is covered in class, to see additional examples, etc.  
(4) Reference readings: original academic work only for those interested in deeper treatment of the topics.  

Weekly emails will announce topics/readings for specific dates.  

List of Topics/readings  

I  
Introduction: Firms and Trade Theory, Math Review  


Math Review:  
Derivatives Review, Prof. K. Hansen's Econ 301(web site)  
Optimization Review, Prof. K. Hansen's Econ 301(web site)
II  Game Theory

Recommended:
Shy: Ch.2 (e-reserves)

Game Theory I and II: Chap. 7 and Ch. 9 in Industrial Organization by Church, J and Ware, R
http://works.bepress.com/jeffrey_church/23/

III  Oligopoly Theory: Classic and Dynamic Models. Collusion

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

Recommended:
Church, J and Ware, R Classic Models of Oligopoly: Ch. 8 in Industrial Organization:
http://works.bepress.com/jeffrey_church/23/

IV  Strategic Trade

Carlton and Perloff: Ch. 18 (pages 590-600) (e-reserves).
Civil Aircraft Power Point from European Commission (web page).
Embraer: The Global Leader in Regional Jets, HBS Case (in HBS package to purchase)
“An Introduction to the WTO and GATT,” by Crowley, M., Federal Reserve Bank of Chicago 2003 (e-reserves)

V  International Pricing and Dumping

“Reciprocal Dumping in International Trade”, by Shy, O. from Industrial Organization, MIT, 1995. (e-reserves)
Feenstra/Taylor Ch. 6 (pages 216-224 only) (e-reserves)

Recommended:
Belleflamme and Peitz, selected pages from Industrial Organization: Markets and Strategies (e-reserves)

Reference:

VI  Research and Development, Innovation and Intellectual Property Rights

Innovation and Incentives by Scotchmer , S., MIT Press 2004 (selected pages TBA, e-reserves)
Classic Models of Oligopoly: Ch. 15 : Strategic Behavior: Principles (selected pages) by Church, J and Ware, R in Industrial Organization (e-reserves)
WTO Factsheet on IPR’s and Pharmaceuticals (web page)
“Compulsory Licensing: Evidence from the Trading with the Enemy Act” Moser, P. and Voena, A.,(December 12, 2009). (e-reserves)

VII  Intraindustry Trade , Monopolistic Competition, Gravity Equation

Handouts on Monopolistic Competition (web page).
Feenstra/Taylor Ch. 6 (pages 185-199 and 208-215 only) (e-reserves)
Variety, the spice of life, has a measurable value. But it's not easy to determine NYTimes 6-17-04  (web page)

Reference:
If you think you see incidents of misconduct, you should tell your instructor about them, in which case they will take appropriate action and protect your identity. You could also choose to contact our administrator (Tammy Herbst-Koel: therbst@wisc.edu) and your identity will be kept confidential.

Grievance Procedure

The Department of Economics has developed a grievance procedure through which you may register comments or complaints about a course, an instructor, or a teaching assistant. The Department continues to provide a course evaluation each semester in every class. If you wish to make anonymous complaints to an instructor or teaching assistant, the appropriate vehicle is the course evaluation. If you have a disagreement with an instructor or a teaching assistant, we strongly encourage you to try to resolve the dispute with him or her directly. The grievance procedure is designed for situations where neither of these channels is appropriate.

If you wish to file a grievance, you should go to room 7238 Social Science and request a Course Comment Sheet. When completing the comment sheet, you will need to provide a detailed statement that describes what aspects of the course you find unsatisfactory. You will need to sign the sheet and provide your student identification number, your address, and a phone where you can be reached. The Department plans to investigate comments fully and will respond in writing to complaints.

Your name, address, phone number, and student ID number will not be revealed to the instructor or teaching assistant involved and will be treated as confidential. The Department needs this information, because it may become necessary for a commenting student to have a meeting with the department chair or a nominee to gather additional information. A name and address are necessary for providing a written response.

Misconduct Statement


VIII Firm Heterogeneity in International Trade


Recommended:
Basic Elements of Econometrics from The Economics of Growth, Aghion and Howitt, MIT Press 2009 (e-reserves).

IX Multinational Enterprises/ Foreign Direct Investment/Industrial Policy


Monsanto: Realizing Biotech Value in Brazil by David E. Bell, Mary Shelman, HBS Case 9-507018 (in HBS package to purchase)