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INDUSTRIAL ORGANIZATION AND FIRM STRATEGY ECON 468

Spring 2026

Course Description: Industrial organization economists study firm behavior in imperfectly competitive markets, which are far more common than the perfectly competitive markets that were the focus of your introductory microeconomics course. ECON 468 analyzes the acquisition and use of market power by firms, strategic interactions among firms, and the role of government competition policy. We will approach this subject from both theoretical and applied perspectives. Students must have completed Intermediate Micro before enrolling in ECON 468.

Instructional mode: all face-to-face.

Office Hours: by appointment.

Credits: This is a 3-credit course with two 75-minute lectures per week. Students are expected to work approximately 6 hours per week outside of class to complete assignments and learn the relevant material.

Lectures: Monday and Wednesday, 2:30 pm to 3:45 pm in Social Science Building 5231.

Texts:

The text for this course is by Luis Cabral, Introduction to Industrial Organization, Xnd Edition, MIT Press. It is optional, not required. This book provides a description of the basic theory, and it contains many illustrative examples.

Another good choice is: Industrial Organization: A Strategic Approach by Jefferey Church and Roger Ware. It is free and posted on the course website.

Theory of Industrial Organization by Jean Tirole (supplementary): this is a graduate-level textbook (for the ambitious ones).

I will post copies of the lecture slides before the topics are covered in class. You may find it useful to download the slides before attending lectures in order to review the material in advance and/or take notes during the lecture. The slides contain material that will be covered in class, as well as supplemental material, some of which may be covered in class. I plan on annotating the slides (e.g. graphs) on the white/blackboard while I lecture.

I will also post reading materials on course website. Please read the required reading material in advance.

All lectures are conducted in person. Attendance is strongly recommended. Office hours is by appointment.

In-class Presentation:

Each student is required to give a 5-7 minute mini presentation to the class on recent news/events that are related to the topics discussed in this course at the end of the class. The dates for in-class presentations are TBD.

Course Evaluation: There will be eleven in-class short quizzes (mostly multiple choices). We will drop the two quizzes with the lowest grades. Out of a 100-point scale, A: [90,100), AB: [80,90), B: [70,80), BC: [60,70).

Quizzes 63%

Presentation 20%

Class participation 17%

Learning Outcomes:

- Understand how firms acquire and maintain market power.
- Understand how firms exercise market power.
- Understand the implications of market power for economic efficiency and social welfare.
- Understand when and how a government can intervene to improve outcomes.

Topics: (subject to change)

1. Micro Review
2. Monopoly and Dominant Firms
3. Oligopoly
4. Collusion
5. Cartels
6. Competition Policy
7. Market Structure and Market Power
8. Price Discrimination
9. Entry, Exit, and Predation
10. Product Differentiation
11. Product Quality
12. Adverse Selection and Moral Hazard
13. Firms and Vertical Relations

Department of Economics Discipline and Grievance Procedures

Misconduct Statement

Academic Integrity is critical to maintaining fair and knowledge-based learning at UW Madison. Academic dishonesty is a serious violation: it undermines the bonds of trust and honesty between members of our academic community, degrades the value of your degree and defrauds those who may eventually depend upon your knowledge and integrity.

Examples of academic misconduct include, but are not limited to: cheating on an examination (copying from another student's paper, referring to materials on the exam other than those explicitly permitted, continuing to work on an exam after the time has expired, turning in an exam for regrading after making changes to the exam), copying the homework of someone else, submitting for credit work done by someone else, stealing examinations or course materials, tampering with the grade records or with another student's work, or knowingly and intentionally assisting another student in any of the above. Students are reminded that online sources, including anonymous or unattributed ones like Wikipedia, still need to be cited like any other source; and copying from any source without attribution is considered plagiarism.

The Department of Economics will deal with these offenses harshly following [UWS14 procedures](#):

1. The penalty for misconduct in most cases will be removal from the course and a failing grade.
2. The department will inform the Dean of Students as required and additional sanctions may be applied.
3. The department will keep an internal record of misconduct incidents. This information will be made available to teaching faculty writing recommendation letters and to admission offices of the School of Business and Engineering.

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 can also choose to contact our department administrator, Tammy Herbst-Koel (therbst@wisc.edu), and your identity will be kept confidential.

For more information, refer to <https://www.students.wisc.edu/doso/academic-integrity/>

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.

Career Opportunities

If you would like to learn more about career and internship opportunities for economics students or discuss the career skills you learn as an economics major, you are encouraged to meet with an econ career advisor by emailing econcareers@ssc.wisc.edu.