



ECON309

Industrial Organisation

S1 Day 2019

Dept of Economics

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Disclaimer

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General Information

Unit convenor and teaching staff

Lecturer

Rohan Best

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4ER 451

Credit points

3

Prerequisites

6cp at 200 level including ECON203

Corequisites

Co-badged status

Unit description

In standard economic theory, markets exist to allocate and distribute a nation's wealth through the process of exchange. The way in which a society organises these markets and the purposes to which the resulting structures are put, cannot be understood without in turn comprehending the way in which industries are organised within that economy, specifically the contractual arrangements that facilitate economic exchange. This unit analyses markets, firms and government as simply three different institutional or governance structures that serve to accomplish given economic objectives. The issue then becomes not which one should be utilised, but which is the most efficient mix. The actual mix chosen depends upon the comparative transaction costs of using each one.

Important Academic Dates

Information about important academic dates including deadlines for withdrawing from units are available at <https://www.mq.edu.au/study/calendar-of-dates>

Learning Outcomes

On successful completion of this unit, you will be able to:

Knowledge: Recognise the relevance of industrial organisation in the contemporary world and the fundamental models of microeconomics needed to develop a deeper understanding of the subject matter.

Communication: Demonstrate the ability to effectively communicate theories and knowledge of industrial organisation in technical and non-technical language.

Ethical reasoning: Be able to evaluate economic theory and real-world application relevant to efficiency and equity considerations.

Assessment Tasks

Name	Weighting	Hurdle	Due
<u>Class Test</u>	20%	No	Week 7
<u>Research Assignment</u>	20%	No	Week 13
<u>Final Examination</u>	60%	No	University Examination Period

Class Test

Due: **Week 7**

Weighting: **20%**

The class test will be held in (teaching) Week 7. The test will include 20 multiple choice questions and will be of 60 minutes duration (plus 5 minutes reading time). The test will cover material from Week 1-6 (inclusive). Further details will be provided in due course.

Students who do not sit the class test will be awarded a mark of 0, except for cases in which an application for 'Special Consideration' has been made and approved. Students should note that applications for 'Special Consideration' are reviewed by a Faculty committee and suspected non-genuine cases will not be granted.

On successful completion you will be able to:

- Knowledge: Recognise the relevance of industrial organisation in the contemporary world and the fundamental models of microeconomics needed to develop a deeper understanding of the subject matter.
- Ethical reasoning: Be able to evaluate economic theory and real-world application relevant to efficiency and equity considerations.

Research Assignment

Due: **Week 13**

Weighting: **20%**

Information about the Research Assignment will be provided during lectures and on iLearn.

The research report is due on Tuesday June 4 (week 13) at 2pm and must be submitted online through iLearn.

Late submission: No extensions will be granted. There will be a deduction of 10% of the total available marks made from the total awarded mark for each 24 hour period or part thereof that

the submission is late (for example, 25 hours late in submission incurs a 20% penalty). Late submissions will be accepted up to 96 hours after the due date and time. This penalty does not apply for cases in which an application for Special Consideration is made and approved. Note: applications for Special Consideration must be made within 5 (five) business days of the due date and time. When an application for special consideration has been approved, Policy allows for the provision of one additional task. The format, time and date of this task will be determined by the Unit Convenor.

On successful completion you will be able to:

- **Knowledge:** Recognise the relevance of industrial organisation in the contemporary world and the fundamental models of microeconomics needed to develop a deeper understanding of the subject matter.
- **Communication:** Demonstrate the ability to effectively communicate theories and knowledge of industrial organisation in technical and non-technical language.
- **Ethical reasoning:** Be able to evaluate economic theory and real-world application relevant to efficiency and equity considerations.

Final Examination

Due: **University Examination Period**

Weighting: **60%**

The final examination is of 2 hours duration and will be held in the official Macquarie University examination period. All material covered in the unit is examinable. Further details of the structure of the final examination will be provided in due course.

If an application for Special Consideration is approved, Policy allows for the provision of one additional task. Note: applications for Special Consideration must be made within 5 (five) business days of the due date and time.

On successful completion you will be able to:

- **Knowledge:** Recognise the relevance of industrial organisation in the contemporary world and the fundamental models of microeconomics needed to develop a deeper understanding of the subject matter.
- **Communication:** Demonstrate the ability to effectively communicate theories and knowledge of industrial organisation in technical and non-technical language.
- **Ethical reasoning:** Be able to evaluate economic theory and real-world application relevant to efficiency and equity considerations.

Delivery and Resources

The teaching format for this class is one 3-hour session per week. This session will typically include a formal lecture component and discussion of practice exercises. It is strongly recommended that students attend all lectures and gain access to the prescribed textbook.

Prescribed textbook:

- Luis M B Cabral, 2017, *Introduction to Industrial Organization*, 2nd Edition, MIT Press: Cambridge

Other textbooks which may also be useful include:

- Church, J. and R. Ware, 2000, *Industrial Organization: A strategic approach*, McGraw-Hill, Boston (This text is available online free of charge at: <http://homepages.ualgary.ca/~jrchurch/page4/page4.html>).
- Pepall, L., D Richards and G. Norman, 2014, *Industrial Organization: Contemporary Theory and Empirical Applications*, 5th Edition, Wiley.
- Shy, O., 1995, *Industrial Organization*, MIT Press, Cambridge, 1995.
- Waldman, D.E., and Jensen, E., 2013, *Industrial Organization Theory and Practice*, Fourth Edition.

For a more advanced treatment of the material covered in this course you may want to consider the following textbooks:

- Belleflamme, P. and M. Peitz, 2010, *Industrial Organization: Markets and Strategies*, Cambridge University Press, New York.
- Tirole, J. 1988, *The Theory of Industrial Organization*, MIT Press, Cambridge

Unit Schedule

Week ^s	Topic	Reading*
1	Introduction to Industrial Organization & Consumers	Chapter 1 & 2
2	Firms	Chapter 3
3	Competition, Equilibrium and Efficiency & Market Failure and Public Policy	Chapter 4 & 5
4	Price Discrimination	Chapter 6
5	Games and Strategies	Chapter 7
6	Oligopoly	Chapter 8
7	Class test during lecture time	

8	Collusion and Price War	Chapter 9
9	Market Structure	Chapter 10
10	Horizontal Merger & Market Foreclosure	Chapters 11 & 12
11	Vertical Relation & Product Differentiation	Chapters 13 & 14
12	Innovation & Networks	Chapters 15 & 16
13	Review	

* Referred to Cabral, 2nd Ed.

\$ This is subject to some modification if necessary

Policies and Procedures

Macquarie University policies and procedures are accessible from [Policy Central](https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central) (<https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central>). Students should be aware of the following policies in particular with regard to Learning and Teaching:

- [Academic Appeals Policy](#)
- [Academic Integrity Policy](#)
- [Academic Progression Policy](#)
- [Assessment Policy](#)
- [Fitness to Practice Procedure](#)
- [Grade Appeal Policy](#)
- [Complaint Management Procedure for Students and Members of the Public](#)
- [Special Consideration Policy](#) (**Note:** *The Special Consideration Policy is effective from 4 December 2017 and replaces the Disruption to Studies Policy.*)

Undergraduate students seeking more policy resources can visit the [Student Policy Gateway](https://students.mq.edu.au/support/study/student-policy-gateway) (<https://students.mq.edu.au/support/study/student-policy-gateway>). It is your one-stop-shop for the key policies you need to know about throughout your undergraduate student journey.

If you would like to see all the policies relevant to Learning and Teaching visit [Policy Central](https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central) (<https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central>).

Student Code of Conduct

Macquarie University students have a responsibility to be familiar with the Student Code of Conduct: <https://students.mq.edu.au/study/getting-started/student-conduct>

Results

Results published on platform other than [eStudent](#), (eg. iLearn, Coursera etc.) or released directly by your Unit Convenor, are not confirmed as they are subject to final approval by the

University. Once approved, final results will be sent to your student email address and will be made available in [eStudent](#). For more information visit [ask.mq.edu.au](#) or if you are a Global MBA student contact globalmba.support@mq.edu.au

Student Support

Macquarie University provides a range of support services for students. For details, visit <http://students.mq.edu.au/support/>

Learning Skills

Learning Skills (mq.edu.au/learningskills) provides academic writing resources and study strategies to improve your marks and take control of your study.

- [Workshops](#)
- [StudyWise](#)
- [Academic Integrity Module for Students](#)
- [Ask a Learning Adviser](#)

Student Services and Support

Students with a disability are encouraged to contact the [Disability Service](#) who can provide appropriate help with any issues that arise during their studies.

Student Enquiries

For all student enquiries, visit Student Connect at [ask.mq.edu.au](#)

If you are a Global MBA student contact globalmba.support@mq.edu.au

IT Help

For help with University computer systems and technology, visit http://www.mq.edu.au/about_us/offices_and_units/information_technology/help/.

When using the University's IT, you must adhere to the [Acceptable Use of IT Resources Policy](#). The policy applies to all who connect to the MQ network including students.

Graduate Capabilities

Discipline Specific Knowledge and Skills

Our graduates will take with them the intellectual development, depth and breadth of knowledge, scholarly understanding, and specific subject content in their chosen fields to make them competent and confident in their subject or profession. They will be able to demonstrate, where relevant, professional technical competence and meet professional standards. They will be able to articulate the structure of knowledge of their discipline, be able to adapt discipline-specific knowledge to novel situations, and be able to contribute from their discipline to inter-disciplinary solutions to problems.

This graduate capability is supported by:

Learning outcomes

- Knowledge: Recognise the relevance of industrial organisation in the contemporary world and the fundamental models of microeconomics needed to develop a deeper understanding of the subject matter.
- Communication: Demonstrate the ability to effectively communicate theories and knowledge of industrial organisation in technical and non-technical language.
- Ethical reasoning: Be able to evaluate economic theory and real-world application relevant to efficiency and equity considerations.

Assessment tasks

- Class Test
- Research Assignment
- Final Examination

Critical, Analytical and Integrative Thinking

We want our graduates to be capable of reasoning, questioning and analysing, and to integrate and synthesise learning and knowledge from a range of sources and environments; to be able to critique constraints, assumptions and limitations; to be able to think independently and systemically in relation to scholarly activity, in the workplace, and in the world. We want them to have a level of scientific and information technology literacy.

This graduate capability is supported by:

Learning outcomes

- Knowledge: Recognise the relevance of industrial organisation in the contemporary world and the fundamental models of microeconomics needed to develop a deeper understanding of the subject matter.
- Communication: Demonstrate the ability to effectively communicate theories and knowledge of industrial organisation in technical and non-technical language.
- Ethical reasoning: Be able to evaluate economic theory and real-world application relevant to efficiency and equity considerations.

Assessment tasks

- Class Test
- Research Assignment
- Final Examination

Effective Communication

We want to develop in our students the ability to communicate and convey their views in forms

effective with different audiences. We want our graduates to take with them the capability to read, listen, question, gather and evaluate information resources in a variety of formats, assess, write clearly, speak effectively, and to use visual communication and communication technologies as appropriate.

This graduate capability is supported by:

Learning outcome

- Communication: Demonstrate the ability to effectively communicate theories and knowledge of industrial organisation in technical and non-technical language.

Assessment tasks

- Research Assignment
- Final Examination

Engaged and Ethical Local and Global citizens

As local citizens our graduates will be aware of indigenous perspectives and of the nation's historical context. They will be engaged with the challenges of contemporary society and with knowledge and ideas. We want our graduates to have respect for diversity, to be open-minded, sensitive to others and inclusive, and to be open to other cultures and perspectives: they should have a level of cultural literacy. Our graduates should be aware of disadvantage and social justice, and be willing to participate to help create a wiser and better society.

This graduate capability is supported by:

Learning outcomes

- Knowledge: Recognise the relevance of industrial organisation in the contemporary world and the fundamental models of microeconomics needed to develop a deeper understanding of the subject matter.
- Communication: Demonstrate the ability to effectively communicate theories and knowledge of industrial organisation in technical and non-technical language.
- Ethical reasoning: Be able to evaluate economic theory and real-world application relevant to efficiency and equity considerations.

Assessment tasks

- Class Test
- Research Assignment
- Final Examination

ECON309 Unit Website

Course material is available on the learning management system (ilearn). The web page for this unit can be found at <https://ilearn.mq.edu.au/login/MQ/>

Students should check this site regularly for announcements, test results and lecture material.

Research and Practice

- This unit gives you practice in applying research findings in your assignments
- This unit gives you opportunities to conduct your own research