



ECON3009

Industrial Organisation

Session 2, Special circumstances 2021

Department of Economics

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Session 2 Learning and Teaching Update

The decision has been made to conduct study online for the remainder of Session 2 for all units WITHOUT mandatory on-campus learning activities. Exams for Session 2 will also be online where possible to do so.

This is due to the extension of the lockdown orders and to provide certainty around arrangements for the remainder of Session 2. We hope to return to campus beyond Session 2 as soon as it is safe and appropriate to do so.

Some classes/teaching activities cannot be moved online and must be taught on campus. You should already know if you are in one of these classes/teaching activities and your unit convenor will provide you with more information via iLearn. If you want to confirm, see the list of [units with mandatory on-campus classes/teaching activities](#).

Visit the [MQ COVID-19 information page](#) for more detail.

General Information

Unit convenor and teaching staff

Unit Convenor

Jordi McKenzie

jordi.mckenzie@mq.edu.au

Contact via Email

4ER Room 408

By appointment (Zoom or campus)

Credit points

10

Prerequisites

20cp at 2000 level including ECON203 or ECON2003

Corequisites

Co-badged status

Unit description

This unit applies the tools of microeconomic theory to the study of firm behaviour in imperfectly competitive markets. The unit begins with a review of neoclassical theory of the firm. This is followed by a review of monopoly behaviour, with extension to models of horizontal and vertical product differentiation. Oligopoly models (including Cournot, Stackelberg and Bertrand) are reviewed and developed beyond those learned in foundation units. Models of anti-competitive behaviour are then introduced as they relate to predatory behaviour and collusion. Finally, non-price models of competition related to advertising, R&D, and patent races are examined. Beyond the theoretical topics studied in the unit, students will have the opportunity to apply their knowledge to a current industry study of the Australian Competition and Consumer Commission.

Important Academic Dates

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

Learning Outcomes

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

ULO1: Effectively communicate theories and knowledge of industrial organisation in technical and non-technical language.

ULO2: Analyse the relevance of industrial organisation to economic life.

ULO3: Evaluate real-world applications of economic theory relevant to efficiency and equity considerations.

General Assessment Information

Class Test

Students who do not sit the class test will be awarded a mark of zero, except for cases in which an application for 'Special Consideration' has been made and approved. If an application for Special Consideration is approved, Policy allows for the provision of one supplementary assessment task. The format, time and date of this task will be determined by the Unit Convenor. Students should note that applications for 'Special Consideration' are reviewed by a School committee and suspected non-genuine cases will not be granted.

Research Assignment

No extensions will be granted. There will be a deduction of 10% of the total available marks 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. When an application for special consideration has been approved, Policy allows for an extension of the submission deadline. Students should note that applications for 'Special Consideration' are reviewed by a School committee and suspected non-genuine cases will not be granted.

Final Exam

If an application for Special Consideration is approved, Policy allows for the provision of one supplementary assessment task. The format, time and date of this task will be determined by the Unit Convenor. Students should note that applications for 'Special Consideration' are reviewed by a School committee and suspected non-genuine cases will not be granted.

Assessment Tasks

Name	Weighting	Hurdle	Due
<u>Class test online</u>	20%	No	Week 7
<u>Research assignment</u>	20%	No	Week 12
<u>Final examination online</u>	60%	No	Exam period

Class test online

Assessment Type ¹: Quiz/Test

Indicative Time on Task ²: 10 hours

Due: **Week 7**

Weighting: **20%**

The 60 minute open book test will include 20 multiple choice questions, covering material from weeks 1-6 (inclusive)

On successful completion you will be able to:

- Effectively communicate theories and knowledge of industrial organisation in technical and non-technical language.
- Analyse the relevance of industrial organisation to economic life.

Research assignment

Assessment Type ¹: Report

Indicative Time on Task ²: 20 hours

Due: **Week 12**

Weighting: **20%**

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

On successful completion you will be able to:

- Analyse the relevance of industrial organisation to economic life.
- Evaluate real-world applications of economic theory relevant to efficiency and equity considerations.

Final examination online

Assessment Type ¹: Examination

Indicative Time on Task ²: 35 hours

Due: **Exam period**

Weighting: **60%**

A two hour open book examination, consisting of multiple choice and short answer questions, will be held during the University Examination Period.

On successful completion you will be able to:

- Effectively communicate theories and knowledge of industrial organisation in technical and non-technical language.
 - Evaluate real-world applications of economic theory relevant to efficiency and equity considerations.
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¹ If you need help with your assignment, please contact:

- the academic teaching staff in your unit for guidance in understanding or completing this type of assessment
- the [Learning Skills Unit](#) for academic skills support.

² Indicative time-on-task is an estimate of the time required for completion of the assessment task and is subject to individual variation

Delivery and Resources

Weekly recorded online lectures and workshops

This unit will be primarily taught using online ECHO recordings. Each week there will be a main lecture recording (approx. 1.5 hours), as well as accompanying short video recordings (approx. 0.5 hours). Reference 'tags' to the short videos are included in the pdf lecture notes. There will also be a weekly workshop related to each topic with an accompanying video recording (approx. 0.5 hours). It is strongly recommended that students watch all of these recordings.

Live online revision lectures

There will be two live online revision lectures (approx. 2 hours) held in weeks 6 and week 13. These are intended to provide a revision opportunity for the Class Test and Final Exam, respectively. The revision lectures will be an interactive experience, including live quizzes and discussion of example questions relevant to the respective topics covered.

Prescribed textbook

- Pepall, L., D Richards and G. Norman, 2014, *Industrial Organization: Contemporary Theory and Empirical Applications*, 5th Edition, Wiley.

The printed textbook and E-Text can be purchased from Wiley: [https://www.wiley.com/en-au/Industrial Organization: Contemporary Theory and Empirical Applications, 5th Edition-p-9781118545508](https://www.wiley.com/en-au/Industrial+Organization:+Contemporary+Theory+and+Empirical+Applications,+5th+Edition-p-9781118545508). The printed textbook can also be purchased via various online retailers ([Zookal](#), [Booktopia](#), [Amazon](#) etc.) You must have access to this resource prior to the start of the semester (and in my experience students without access to this content are far less likely to pass).

Other textbooks which may also be useful include:

- Cabral, L. 2017, *Introduction to Industrial Organization*, 2nd Edition, MIT Press Cambridge
- 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.ucalgary.ca/~jrchurch/page4/page4.html>).

- 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

Topic	Textbook chapters
Introduction to IO; Microeconomics review	1, 2
Market structure and power; Technology and cost	3, 4
Price discrimination	5, 6
Product variety and quality	7
Bundling and tie-in sales	8
Cournot competition; Price competition	9, 10
Price competition (cont.); Dynamic games	10, 11
Entry deterrence and predation; Predatory conduct	12, 13
Price fixing, repeated games and antitrust	14
Advertising, market power and information; Research and development	19, 20
Research and development (cont.); Patents and patent policy	20, 21

Policies and Procedures

Macquarie University policies and procedures are accessible from [Policy Central \(https://policies.mq.edu.au\)](https://policies.mq.edu.au). 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](#)

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

To find other policies relating to Teaching and Learning, visit [Policy Central \(https://policies.mq.edu.au\)](https://policies.mq.edu.au) and use the [search tool](#).

Student Code of Conduct

Macquarie University students have a responsibility to be familiar with the Student Code of Conduct: <https://students.mq.edu.au/admin/other-resources/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 help you improve your marks and take control of your study.

- [Getting help with your assignment](#)
- [Workshops](#)
- [StudyWise](#)
- [Academic Integrity Module](#)

The Library provides online and face to face support to help you find and use relevant information resources.

- [Subject and Research Guides](#)
- [Ask a Librarian](#)

Student Enquiry Service

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

Equity 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.

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.