



ECON3009

Industrial Organisation

Session 1, Special circumstances 2021

Department of Economics

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Notice

As part of [Phase 3 of our return to campus plan](#), most units will now run tutorials, seminars and other small group activities on campus, and most will keep an online version available to those students unable to return or those who choose to continue their studies online.

To check the availability of face-to-face activities for your unit, please go to [timetable viewer](#). To check detailed information on unit assessments visit your unit's iLearn space or consult your unit convenor.

General Information

Unit convenor and teaching staff

Unit convenor, lecturer

Rohan Best

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Lecturer

Edwin Franks

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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://www.mq.edu.au/study/calendar-of-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 economic theory and real-world applications relevant to efficiency and equity considerations, from a broad ethical perspective.

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. 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. 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.

Final examination

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.

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 | University 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 economic theory and real-world applications relevant to efficiency and equity considerations, from a broad ethical perspective.

Final examination online

Assessment Type ¹: Examination

Indicative Time on Task ²: 35 hours

Due: **University 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 economic theory and real-world applications relevant to efficiency and equity considerations, from a broad ethical perspective.

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 [Writing Centre](#) 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

Online lectures and workshop

This unit will be primarily taught using online ECHO recordings. Each week there will be a main lecture recording, as well as accompanying short video recordings. There will also be workshop questions related to each topic with accompanying video recordings. It is strongly recommended that students watch all of these recordings.

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 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.