



ECON3009

Industrial Organisation

Session 1, Online-scheduled-weekday 2022

Department of Economics

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General Information

Unit convenor and teaching staff

Unit Convenor / Lecturer

Rohan Best

rohan.best@mq.edu.au

Lecturer

Kompal Sinha

kompal.sinha@mq.edu.au

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

General Assessment Information

Late submissions of assessments

Unless a Special Consideration request has been submitted and approved, no extensions will be granted. There will be a deduction of 10% of the total available assessment-task marks made from the total awarded mark for each 24-hour period or part thereof that the submission is late. Late submissions will only be accepted up to 96 hours after the due date and time.

No late submissions will be accepted for timed assessments – e.g., quizzes, online tests.

Table 1: Penalty calculation based on submission time

| Submission time after the due date (including weekends) | Penalty (% of available assessment task mark) | Example: for a non-timed assessment task marked out of 30 |
|---|---|---|
| <24 hours | 10% | 10% x 30 marks = 3-mark deduction |
| 24-48 hours | 20% | 20% x 30 marks = 6-mark deduction |
| 48-72 hours | 30% | 30% x 30 marks = 9-mark deduction |
| 72 – 96 hours | 40% | 40% x 30 marks = 12-mark deduction |
| >96 hours | 100% | Assignment won't be accepted |

Special Consideration

To request an extension on the due date/time for a timed or non-timed assessment task, you must submit a Special Consideration application. An application for Special Consideration does not guarantee approval.

The approved extension date for a student becomes the new due date for that student. The late submission penalties above then apply as of the new due date.

Assessment Tasks

| Name | Weighting | Hurdle | Due |
|-----------------------------------|-----------|--------|-----------------|
| Class test online | 20% | No | Week 7: April 6 |

| Name | Weighting | Hurdle | Due |
|--|-----------|--------|--------------------|
| Research assignment | 20% | No | Week 10 |
| Final examination online | 60% | No | Examination period |

Class test online

Assessment Type ¹: Quiz/Test

Indicative Time on Task ²: 10 hours

Due: **Week 7: April 6**

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 10**

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, from a broad ethical perspective.

Final examination online

Assessment Type ¹: Examination

Indicative Time on Task ²: 35 hours

Due: **Examination 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, 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 include ECHO recordings and live zoom meetings. There will also be workshop questions related to each topic. It is strongly recommended that students watch recordings and attend zoom meetings.

Prescribed textbook:

Pepall, L., D Richards and G. Norman, 2014, Industrial Organization: Contemporary Theory and Empirical Applications, 5th Edition, Wiley. Some sites for the textbook:

<https://www.booktopia.com.au/industrial-organization-lynne-pepall/book/9781118250303.html>

<https://www.wiley.com/en-au/Industrial+Organization%3A+Contemporary+Theory+and+Empirical+Applications%2C+5th+Edition-p-9781118545508>

Access to this resource from the start of the semester is very strongly recommended.

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](#)
- [Assessment Procedure](#)
- [Complaints Resolution 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

Academic Integrity

At Macquarie, we believe [academic integrity](#) – honesty, respect, trust, responsibility, fairness and courage – is at the core of learning, teaching and research. We recognise that meeting the expectations required to complete your assessments can be challenging. So, we offer you a range of resources and services to help you reach your potential, including free [online writing and maths support](#), [academic skills development](#) and [wellbeing consultations](#).

Student Support

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

The Writing Centre

[The Writing Centre](#) provides resources to develop your English language proficiency, academic writing, and communication skills.

- [Workshops](#)
- [Chat with a WriteWISE peer writing leader](#)
- [Access StudyWISE](#)
- [Upload an assignment to Studiosity](#)

- [Complete the 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

Macquarie University offers a range of [Student Support Services](#) including:

- [IT Support](#)
- [Accessibility and disability support](#) with study
- Mental health [support](#)
- [Safety support](#) to respond to bullying, harassment, sexual harassment and sexual assault
- [Social support including information about finances, tenancy and legal issues](#)

Student Enquiries

Got a question? Ask us via [AskMQ](#), or contact [Service Connect](#).

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.