



# ECON3009

## Industrial Organisation

Session 2, In person-scheduled-weekday, North Ryde 2023

*Department of Economics*

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## General Information

Unit convenor and teaching staff

Unit Convenor and Lecturer

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Lecturer

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

## General Assessment Information

### Late Assessment Submission Penalty (written assessments)

Unless a Special Consideration request has been submitted and approved, a 5% penalty (of the total possible mark) will be applied each day a written assessment is not submitted, up until the 7th day (including weekends). After the 7th day, a grade of '0' will be awarded even if the assessment is submitted. Submission time for all written assessments is set at 11.55pm. A 1-hour grace period is provided to students who experience a technical concern.

For any late submissions of time-sensitive tasks, such as scheduled tests/exams, performance assessments/presentations, and/or scheduled practical assessments/labs, students need to submit an application for [Special Consideration](#).

## Assessment Tasks

Name	Weighting	Hurdle	Due
<a href="#"><u>Class test</u></a>	20%	No	Week 7
<a href="#"><u>Research assignment</u></a>	20%	No	Week 10
<a href="#"><u>Final examination</u></a>	60%	No	University Examination Period

### Class test

Assessment Type <sup>1</sup>: Quiz/Test

Indicative Time on Task <sup>2</sup>: 10 hours

Due: **Week 7**

Weighting: **20%**

The class test(s) will include multiple choice questions and will be held during lecture time.

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 <sup>1</sup>: Report

Indicative Time on Task <sup>2</sup>: 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

Assessment Type <sup>1</sup>: Examination

Indicative Time on Task <sup>2</sup>: 35 hours

Due: **University Examination Period**

Weighting: **60%**

A two-hour 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.

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<sup>1</sup> 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.

<sup>2</sup> 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

### Lectures and workshop

This unit will include on-campus lectures and ECHO recordings. It is strongly recommended that students watch recordings and attend on-campus lectures.

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-lynn-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.ualgary.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 unit 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

Topic	Textbook chapters
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](http://ask.mq.edu.au) or if you are a Global MBA student contact [globalmba.support@mq.edu.au](mailto: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 Advocacy](#) provides independent advice on MQ policies, procedures, and processes

## 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/](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.