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
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Lecturer
Jordi McKenzie
jordi.mckenzie@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 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

<table>
<thead>
<tr>
<th>Name</th>
<th>Weighting</th>
<th>Hurdle</th>
<th>Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class test</td>
<td>20%</td>
<td>No</td>
<td>Week 7</td>
</tr>
<tr>
<td>Research assignment</td>
<td>20%</td>
<td>No</td>
<td>Week 10</td>
</tr>
<tr>
<td>Final examination</td>
<td>60%</td>
<td>No</td>
<td>University Examination Period</td>
</tr>
</tbody>
</table>

Class test

Assessment Type: Quiz/Test
Indicative Time on Task: 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 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

Assessment Type 1: Examination
Indicative Time on Task 2: 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.

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.
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:**


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

**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.ucalgary.ca/~jrchurch/page4/page4.html](http://homepages.ucalgary.ca/~jrchurch/page4/page4.html)).

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


## Unit Schedule

<table>
<thead>
<tr>
<th>Topic</th>
<th>Textbook chapters</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction to IO; Microeconomics review</td>
<td>1, 2</td>
</tr>
<tr>
<td>Market structure and power; Technology and cost</td>
<td>3, 4</td>
</tr>
<tr>
<td>Price discrimination</td>
<td>5, 6</td>
</tr>
<tr>
<td>Product variety and quality</td>
<td>7</td>
</tr>
</tbody>
</table>

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https://unitguides.mq.edu.au/unit_offerings/156578/unit_guide/print
<table>
<thead>
<tr>
<th>Topic</th>
<th>Textbook chapters</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bundling and tie-in sales</td>
<td>8</td>
</tr>
<tr>
<td>Cournot competition; Price competition</td>
<td>9, 10</td>
</tr>
<tr>
<td>Price competition (cont.); Dynamic games</td>
<td>10, 11</td>
</tr>
<tr>
<td>Entry deterrence and predation; Predatory conduct</td>
<td>12, 13</td>
</tr>
<tr>
<td>Price fixing, repeated games and antitrust</td>
<td>14</td>
</tr>
<tr>
<td>Advertising, market power and information; Research and development</td>
<td>19, 20</td>
</tr>
<tr>
<td>Research and development (cont.); Patents and patent policy</td>
<td>20, 21</td>
</tr>
</tbody>
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**Policies and Procedures**

Macquarie University policies and procedures are accessible from [Policy Central](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). 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) 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](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 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/.

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.