



ECON309

Industrial Organisation

S1 Day 2018

Dept of Economics

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General Information

Unit convenor and teaching staff

Unit convenor

Pundarik Mukhopadhaya

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Contact via email

E4A 413

Tuesdays 12.30-1.30 PM

Kompal Sinha

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Credit points

3

Prerequisites

6cp at 200 level including (ECON200 or ECON203)

Corequisites

Co-badged status

Unit description

In standard economic theory, markets exist to allocate and distribute a nation's wealth through the process of exchange. The way in which a society organises these markets and the purposes to which the resulting structures are put, cannot be understood without in turn comprehending the way in which industries are organised within that economy, specifically the contractual arrangements that facilitate economic exchange. This unit analyses markets, firms and government as simply three different institutional or governance structures that serve to accomplish given economic objectives. The issue then becomes not which one should be utilised, but which is the most efficient mix. The actual mix chosen depends upon the comparative transaction costs of using each one.

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:

Knowledge: Recognise the relevance of industrial organisation in the contemporary

world and the fundamental models of microeconomics needed to develop a deeper understanding of the subject matter.

Communication: Demonstrate the ability to effectively communicate theories and knowledge of industrial organisation in technical and non-technical language.

Ethical reasoning: Be able to evaluate economic theory and real-world application relevant to efficiency and equity considerations.

Assessment Tasks

| Name | Weighting | Hurdle | Due |
|---------------------------------------|-----------|--------|-------------------------------|
| Research Assignment 1 | 25% | No | Week 7 |
| Research Assignment 2 | 25% | No | Week 11 |
| Final Examination | 50% | No | University Examination Period |

Research Assignment 1

Due: **Week 7**

Weighting: **25%**

This research based individual assignment will be based on the material from topics 1-5. Further details will be provided in week 2.

Assignment marking: The research assignment will be marked on the basis of the marking criteria, which will be provided on iLearn.

Extensions/Penalties: Students who do not submit the assignment will be awarded a mark of 0, except for cases in which an application for 'Special Consideration' has been made and approved (see the Policies and Procedures section for details). No extension will be granted. There will be a deduction of 10% if the total available marks made from the total awarded marks for each 24 hour period of part there off that the submission is made (for example, 25 hours late in submission - 20% penalty). This penalty shall not apply for cases where Special Consideration is made and approved.

On successful completion you will be able to:

- Knowledge: Recognise the relevance of industrial organisation in the contemporary world and the fundamental models of microeconomics needed to develop a deeper understanding of the subject matter.
- Communication: Demonstrate the ability to effectively communicate theories and knowledge of industrial organisation in technical and non-technical language.

- Ethical reasoning: Be able to evaluate economic theory and real-world application relevant to efficiency and equity considerations.

Research Assignment 2

Due: **Week 11**

Weighting: **25%**

This research based individual assignment will be based on the material covered in lectures and workshops. Further details will be provided in due course.

Assignment marking: The research assignment will be marked on the basis of the marking criteria, which will be provided on iLearn.

Extensions/Penalties: Students who do not submit the assignment will be awarded a mark of 0, except for cases in which an application for 'Special Consideration' has been made and approved (see the Policies and Procedures section for details). No extension will be granted. There will be a deduction of 10% if the total available marks made from the total awarded marks for each 24 hour period of part there off that the submission is made (for example, 25 hours late in submission means 20% penalty). This penalty shall not apply for cases where Special Consideration is made and approved.

On successful completion you will be able to:

- Knowledge: Recognise the relevance of industrial organisation in the contemporary world and the fundamental models of microeconomics needed to develop a deeper understanding of the subject matter.
- Communication: Demonstrate the ability to effectively communicate theories and knowledge of industrial organisation in technical and non-technical language.
- Ethical reasoning: Be able to evaluate economic theory and real-world application relevant to efficiency and equity considerations.

Final Examination

Due: **University Examination Period**

Weighting: **50%**

The final examination is of 2 hours duration and will be held in the official Macquarie University examination period. All material covered in the unit is examinable. Further details of the structure of the final examination will be provided in due course.

Students who do not sit the final exam will be awarded a mark of 0, except for cases in which an application for 'Special Consideration' has been made and approved. In this event, students will sit a further final exam at a time and date decided by the Department of Economics. Students should note that applications for 'Special Consideration' are reviewed by a Faculty committee and suspected non-genuine cases will not be granted. Students should also be aware that the

further final exam will be thoroughly comprehensive of all material taught.

On successful completion you will be able to:

- Knowledge: Recognise the relevance of industrial organisation in the contemporary world and the fundamental models of microeconomics needed to develop a deeper understanding of the subject matter.

Delivery and Resources

Lectures times and locations:

Friday 2-5pm; Room 17WW T1

Please note these are subject to change and students are advised to check <https://timetables.mq.edu.au> to confirm times and venues.

The teaching format for this class is one 3-hour session per week. This session will typically consist of a 2 hour formal lecture and 1 hour workshop/more discussions. It is strongly recommended that students attend all lectures and workshops/more discussions.

Consultation hours: Tuesday 12.30-1.30pm (E4A 413)

Prescribed textbook:

- Luis M B Cabral, 2017, Introduction to *Industrial Organization*, 2nd Edition, MIT Press: Cambridge

The text is available from the Coop Bookshop and is also available as an e-book.

It is essential that all students have a copy of this textbook. Not owning a copy, or at least not having access to a copy, will seriously disadvantage you in this course. 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.uea.ac.uk/~jrchurch/page4/page4.html>).
- Pepall, L., D Richards and G. Norman, 2014, *Industrial Organization: Contemporary Theory and Empirical Applications*, 5th Edition, Wiley.
- 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

| Week ^{\$} | Topic | Reading* |
|--------------------|---|------------------|
| 1 | 1. Introduction to Industrial Organization | Chapter 1 |
| 2 | 2. Consumers | Chapter 2 |
| 3 | 3. Firms | Chapter 3 |
| 4 | 4. Competition, Equilibrium and Efficiency | Chapter 4 |
| 5 | Public holiday (Good Friday) | No Lecture |
| 6 | 5. Market Failure and Public Policy | Chapter 5 |
| 7 | 6. Price Discrimination | Chapter 6 |
| 8 | 7. Games and Strategies | Chapter 7 |
| 9 | 8. Oligopoly | Chapter 8 |
| 10 | 9. Collusion and Price War | Chapter 9 |
| 11 | 10. Market Structure | Chapter 10 |
| 12 | 11. Horizontal Merger and Market Foreclosure | Chapters 11 & 12 |
| 13 | 12. Vertical Relation and Product Differentiation | Chapters 13 & 14 |

* Referred to Cabral, 2nd Ed.

\$ This is subject to some modification if necessary

Workshop contents will be announced during lectures

Policies and Procedures

Macquarie University policies and procedures are accessible from [Policy Central \(https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central\)](https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central). 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](#) (**Note:** *The Special Consideration Policy is effective from 4 December 2017 and replaces the Disruption to Studies Policy.*)

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

If you would like to see all the policies relevant to Learning and Teaching visit [Policy Central](http://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central) (<http://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central>).

Student Code of Conduct

Macquarie University students have a responsibility to be familiar with the Student Code of Conduct: <https://students.mq.edu.au/study/getting-started/student-conduct>

Results

Results shown in *iLearn*, 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.

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 improve your marks and take control of your study.

- [Workshops](#)
- [StudyWise](#)
- [Academic Integrity Module for Students](#)
- [Ask a Learning Adviser](#)

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

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.

Graduate Capabilities

Discipline Specific Knowledge and Skills

Our graduates will take with them the intellectual development, depth and breadth of knowledge, scholarly understanding, and specific subject content in their chosen fields to make them competent and confident in their subject or profession. They will be able to demonstrate, where relevant, professional technical competence and meet professional standards. They will be able to articulate the structure of knowledge of their discipline, be able to adapt discipline-specific knowledge to novel situations, and be able to contribute from their discipline to inter-disciplinary solutions to problems.

This graduate capability is supported by:

Learning outcomes

- Knowledge: Recognise the relevance of industrial organisation in the contemporary world and the fundamental models of microeconomics needed to develop a deeper understanding of the subject matter.
- Communication: Demonstrate the ability to effectively communicate theories and knowledge of industrial organisation in technical and non-technical language.
- Ethical reasoning: Be able to evaluate economic theory and real-world application relevant to efficiency and equity considerations.

Assessment tasks

- Research Assignment 1
- Research Assignment 2
- Final Examination

Critical, Analytical and Integrative Thinking

We want our graduates to be capable of reasoning, questioning and analysing, and to integrate and synthesise learning and knowledge from a range of sources and environments; to be able to critique constraints, assumptions and limitations; to be able to think independently and systemically in relation to scholarly activity, in the workplace, and in the world. We want them to have a level of scientific and information technology literacy.

This graduate capability is supported by:

Learning outcomes

- Knowledge: Recognise the relevance of industrial organisation in the contemporary world and the fundamental models of microeconomics needed to develop a deeper understanding of the subject matter.
- Communication: Demonstrate the ability to effectively communicate theories and knowledge of industrial organisation in technical and non-technical language.
- Ethical reasoning: Be able to evaluate economic theory and real-world application relevant to efficiency and equity considerations.

Assessment tasks

- Research Assignment 1
- Research Assignment 2
- Final Examination

Effective Communication

We want to develop in our students the ability to communicate and convey their views in forms effective with different audiences. We want our graduates to take with them the capability to read, listen, question, gather and evaluate information resources in a variety of formats, assess, write clearly, speak effectively, and to use visual communication and communication technologies as appropriate.

This graduate capability is supported by:

Learning outcome

- Communication: Demonstrate the ability to effectively communicate theories and knowledge of industrial organisation in technical and non-technical language.

Assessment tasks

- Research Assignment 1
- Research Assignment 2

Engaged and Ethical Local and Global citizens

As local citizens our graduates will be aware of indigenous perspectives and of the nation's historical context. They will be engaged with the challenges of contemporary society and with knowledge and ideas. We want our graduates to have respect for diversity, to be open-minded, sensitive to others and inclusive, and to be open to other cultures and perspectives: they should have a level of cultural literacy. Our graduates should be aware of disadvantage and social justice, and be willing to participate to help create a wiser and better society.

This graduate capability is supported by:

Learning outcomes

- Knowledge: Recognise the relevance of industrial organisation in the contemporary world and the fundamental models of microeconomics needed to develop a deeper understanding of the subject matter.
- Communication: Demonstrate the ability to effectively communicate theories and knowledge of industrial organisation in technical and non-technical language.
- Ethical reasoning: Be able to evaluate economic theory and real-world application relevant to efficiency and equity considerations.

Assessment tasks

- Research Assignment 1
- Research Assignment 2

ECON309 Unit Website

Course material is available on the learning management system (ilearn). The web page for this unit can be found at <https://ilearn.mq.edu.au/login/MQ/>

Students should check this site regularly for announcements, test results and lecture material.

Research and Practice

- This unit gives you practice in applying research findings in your assignments
- This unit gives you opportunities to conduct your own research