



## Department of Economics Course Outline

		<b>Term:</b>	Fall 2014
<b>Course:</b>	Economics 471 [Industrial Organization]	<b>Section:</b>	01
<b>Time:</b>	TR 17:00 - 18:15	<b>Place:</b>	ES 054 (subject to change)
<b>Instructor:</b>	Andrew Wilkins		
<b>Office:</b>	SS 447	<b>Telephone:</b>	403-220-6550
<b>Office Hours:</b>	TR 18:30 - 19:30	<b>E-mail:</b>	ahwilkin@ucalgary.ca

### Textbooks:

Church, J., and R. Ware. 2000. *Industrial Organization: A Strategic Approach*. San Francisco: McGraw-Hill. Available online (with errata manual) at:  
<http://homepages.ucalgary.ca/~jrchurch/page4/page5/page5.html>

Church, J. 2004. *The Impact of Vertical and Conglomerate Mergers on Competition*. Brussels: European Commission. Available online at:  
<http://bookshop.europa.eu/en/the-impact-of-vertical-and-conglomerate-mergers-on-competition-pbKD7105158/> (Recommended)

Eichenwald, K. 2000. *The Informant*. New York: Broadway Books. (Recommended)

Additional required and recommended readings will be assigned from materials on reserve, as well as materials available digitally.

### Books on Reserve:

ABA Section of Antitrust Law. 2008. *Mergers and Acquisitions: Understanding the Antitrust Issues*. 3rd ed. Chicago: ABA Publishing.

Belleflame, P., and M. Peitz. 2010. *Industrial Organization: Markets and Strategies*. Cambridge University Press.

Carleton, D., and J. Perloff. 2005. *Modern Industrial Organization*. 4th ed. Boston: Addison Wesley.

Eichenwald, K. 2000. *The Informant*. New York: Broadway Books.

Facey, B.A., and D. H. Assaf. 2006. *Competition & Antitrust Law: Canada and the United States*. 3rd ed. LexisNexis Butterworths.

Hylton, K. 2010. *Antitrust Law and Economics*. Edward Elgar.

Hovenkamp, H. 2006. *The Antitrust Enterprise*. Cambridge: Harvard University Press.

Marshall, R., and L. Marx. 2012. *The Economics of Collusion*. MIT Press.

Martin, S. 2010. *Industrial Organization in Context*. Oxford University Press.

Pepall, L., D. Richards, and G. Norman. 2008. *Industrial Organization: Contemporary Theory and Practice*. 4th ed. Wiley-Blackwell.

Stikeman Elliot. 2013. *2014 Competition Act & Commentary*. LexisNexis.

Utton, M. 2011. *Cartels and Economic Collusion: The Persistence of Corporate Conspiracies*. Edward Elgar.

Waldman, D., and E. Jensen. 2013. *Industrial Organization: Theory and Practice*. 4th ed. Pearson.

### **Course Outline:**

Industrial organization is the study of imperfectly competitive markets and the behaviour of firms in these markets. *Why are firms organized the way they are? How are firm behaviour and market structure related? How can firms create monopoly rents or profits (and maintain them)? What are the social implications of firms behaving strategically?* These are the types of questions that are considered in the field of industrial organization. The objective of this course is to provide an introduction to industrial organization and to establish an analytical foundation for students continuing on to Economics 477 (Regulatory Economics) and Economics 571 (Competition Policy).

The following topics will be explored in this course:

#### I. Foundations

1. Introduction and Competitive Markets
2. Welfare Economics of Market Power

#### II. Monopoly

3. Market Power and Dominant Firms
4. Non-Linear Pricing and Price Discrimination

#### III. Transaction Costs, Vertical Control and Profit-Maximization

5. The Economics of Coordinating Economic Activities
6. Firm Incentives and Profit Maximization

#### IV. Oligopoly

7. Game Theory (Part 1)
8. Oligopoly

9. Game Theory (Part 2)
10. Collusion and Cartels

#### V. Strategic Behaviour

11. Introduction to Strategic Behaviour
12. Entry Deterrence
13. Predation

### Grade Determination and Final Examination Details:

Assignment 1 – Due September 30	7.5%
Assignment 2 – Due October 14	7.5%
Assignment 3 – Due November 14	7.5%
Assignment 4 – Due December 2	7.5%
Midterm Exam – October 28	20%
Final Examination – TBD	50%
<b>TOTAL</b>	<b>100%</b>

Students must receive a passing grade on the final exam to pass the course.

Tests and final exams are marked on a numerical (percentage) basis, and then converted to letter grades. The course grade is then calculated using the weights indicated above. As a guide to determining standing, these letter grade equivalences will apply:

A+	95 – 100	B	73 - 76	C-	60 - 62
A	85 - 94	B-	70 - 72	D+	56 - 59
A-	80 - 84	C+	67 - 69	D	50 - 55
B+	77 - 79	C	63 - 66	F	0 - 49

There will be a Registrar scheduled final examination, lasting two hours. The final exam will be held in a classroom and will be comprehensive. Calculators and electronic devices will not be allowed during the writing of examinations.

#### Notes:

Students will have at least one week to complete each assignment. Late assignments will never be accepted. Students with a documented illness or family emergency will have the corresponding weight for the assignment shifted to the final examination.

Students who are unable to write the midterm examination because of an illness, family emergency or religious observance will have the midterm weight shifted to the final examination. Documentation must be provided.

Students are reminded that this course has an implicit calculus prerequisite.

Desire2Learn: This course will make use of the Desire2Learn (D2L) platform. Students who are registered in the course can log on at <http://d21.ucalgary.ca> or through their student centre. Please note that D2L features a class e-mail list that may be used to distribute course-related information. It is your responsibility to ensure that D2L uses the e-mail address of your choice. The default is your University of Calgary e-mail address.

All students must comply with the regulations published in the University Calendar concerning “Intellectual Honesty,” “Examinations,” etc.

Students seeking reappraisal of a piece of graded term work should discuss their work with the instructor *within fifteen days* of work being returned to class.

It is the student's responsibility to request academic accommodations. If you are a student with a documented disability who may require academic accommodation and have not registered with the Disability Resource Centre, please contact their office at 403-220-8237. Students who have not registered with the Disability Resource Centre are not eligible for formal academic accommodation. You are also required to discuss your needs with your instructor no later than fourteen (14) days after the start of this course.

Students' Union Vice-President Academic:

Hana Kadri

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Society of Undergraduates in Economics (S.U.E.):

[www.ucalgary.ca/sue](http://www.ucalgary.ca/sue)

Society of Undergraduates in Economics is a student run organization whose main purpose is to assist undergraduate economics students succeed both academically and socially at the University of Calgary. Services include access to the exam bank, career partnerships with the Career Centre through hosting industry nights and information sessions, recognizing achievements in teaching, and organizing social events for members. They invite you to join by contacting [sue@ucalgary.ca](mailto:sue@ucalgary.ca).

*Faculty of Arts Program Advising and Student Information Resources*

- Have a question, but not sure where to start? The Faculty of Arts Program Information Centre (PIC) is your information resource for everything in Arts! Drop in at SS102, call them at 403-220-3580 or email them at [artsads@ucalgary.ca](mailto:artsads@ucalgary.ca). You can also visit the Faculty of Arts website at <http://arts.ucalgary.ca/undergraduate> which has detailed information on common academic concerns.

- For program planning and advice, contact the Student Success Centre (formerly the Undergraduate programs Office) at 403-220-5881 or visit them on the 3<sup>rd</sup> Floor of the Taylor Family Digital Library.
- For registration (add/drop/swap), paying fees and assistance with your Student Centre, contact Enrolment Services at 403-210-ROCK [7625] or visit them in the MacKimmie Library Block.
- Online writing resources are available at <http://ucalgary.ca/ssc/writing-support/online-writing-resources>

Safewalk / Campus Security: 403-220-5333  
Emergency Assembly Point: ICT Food Court

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