

Economics 489 (L01) (Economics of the Movie Business)

Instructor: W. D. Walls
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Lecture Locations: T: ST 130, R: web-based
Lecture Days/Time: TR 1700–1815

Office: SS 332 (Zoom as required)
Office Hours: TR 1815–1845 or by appt.

Winter 2023

Course Description:

This course uses economic theory (building on Econ 357) and economic statistics (building on Econ 395) to understand the organization of production, distribution, and exhibition in the motion-picture industry. The primary focus of the course is on the economics of contracts – in particular how information and uncertainty shape the structure of economic transactions. The historical and institutional illustrations, as well as the more detailed empirical analyses, are set in the context of Hollywood.

Course Learning Outcomes:

Students who successfully complete this course will:

1. Learn to apply intermediate microeconomic theory at the level of ECON 357 and basic economic statistics at the level of ECON 395 to understand the organization of the motion-picture industry.
2. Learn and be able to explain how information and uncertainty shape the structure of economic transactions with particular reference to the motion-picture industry.
3. Learn to analyze the business practices that have evolved in the motion-picture industry, including but not limited to block booking, blind bidding, master license agreements, and temporal and geographic clearances.
4. Learn statistical tools that are particularly useful in analyzing data and making inferences in a market dominated by 'superstars' in which the outcome distribution has a winner-take-all characteristic.
5. Learn to distinguish between competing models of demand dynamics through the examination of the outcome distribution.
6. Learn conceptual and empirical techniques to quantify the impact of counterfeiting and piracy on the entertainment industry.

Course Outline:

- Distinguishing Features of The Creative Industries
- Historical Development of the Motion Picture Industry
- Motion Picture Antitrust I: Motion Picture Patent Company
- Motion Picture Antitrust II: The Paramount Cases
- Exhibitor-Distributor Contracting
- Deal Structures and Profit-Sharing Contracts
- Supply Adaptation
- Piracy
- Industry Adaptation to Digital Distribution
- Bollywood, Nollywood, and Beyond

Prerequisites/corequisites:

Econ 357, Econ 359, Econ 395

Required Textbook(s):

All required readings will be freely available in electronic format through the course D2L page.

Recommended Textbook(s):

Recommended readings will be freely available in electronic format through the course D2L page.

Grade Determination:

Quiz #1	25%
Quiz #2	25%
Written Term Project	45%
Presentation of Term Project	05%
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	100%

Examination Details:

Tests and exams **WILL NOT** involve multiple-choice questions, fill in the blanks, matching, or connecting the dots.

Programmable calculators, cellphones, textbooks, course notes, and other electronic devices will not be allowed during the writing of tests. Students are reminded that simply being able to access their cellphone during an exam is academic misconduct.

Non-programmable calculators will be permitted during the writing of tests.

The dates for the in-class quizzes are **Tuesday February 14th** and **Tuesday April 4th**. Please note that the quizzes are to be written in person.

Grading Policies:

The official grading system will be used. See <http://www.ucalgary.ca/pubs/calendar/current/f-1-1.html>.

Note that **passing grades** on the Written Term Project **and** the Presentation of Term Project are **required to pass the course**.

As per the Writing Across the Curriculum Statement in the Calendar, writing and grading thereof will be a factor in the evaluation of student work. See <https://www.ucalgary.ca/pubs/calendar/current/e-2.html>.

Any student work which remains undistributed after the last day of classes will be available to students through the instructor's office during the instructor's office hours.

THERE WILL BE NO MAKEUP OR DEFERRED QUIZZES/TESTS/EXAMS under any circumstances, nor may the quizzes/tests/exams be written early. Students unable to write the quizzes/tests/exams because of documented illness, family emergency, religious observance, or university-sanctioned event will have the weight shifted to the term project; otherwise a grade of zero will be assigned.

Reappraisal of Grades:

For Reappraisal of Graded Term Work, see Calendar I.2

<http://www.ucalgary.ca/pubs/calendar/current/i-2.html>

For Reappraisal of Final Grade, see Calendar I.3

<http://www.ucalgary.ca/pubs/calendar/current/i-3.html>

Academic Misconduct and Intellectual Honesty:

Academic Misconduct refers to student behavior that compromises proper assessment of students' academic activities and includes: cheating; fabrication; falsification; plagiarism; unauthorized assistance; failure to comply with an instructor's expectations regarding conduct required of students completing academic assessments in their courses; and failure to comply with exam regulations applied by the Registrar.

Statement of Intellectual Honesty, see Calendar K.4

<https://www.ucalgary.ca/pubs/calendar/current/k-3.html>

Plagiarism and Other Academic Misconduct

<https://ucalgary.ca/student-services/student-success/learning/academic-integrity>

Academic Accommodations:

Students seeking an accommodation based on disability or medical concerns should contact Student Accessibility Services. SAS will process the request and issue letters of accommodation to instructors. Students who require an accommodation in relation to their coursework based on a protected ground other than disability should communicate this need in writing to their Instructor. The full policies on Student Accommodations are available at <https://www.ucalgary.ca/legal->

[services/sites/default/files/teams/1/Policies-Accommodation-for-Students-with-Disabilities-Procedure.pdf](#) and <https://www.ucalgary.ca/legal-services/sites/default/files/teams/1/Policies-Student-Accommodation-Policy.pdf>.

Freedom of Information and Protection of Privacy (FOIP) Act:

Personal information is collected in accordance with FOIP. Assignments can only be returned to the student and will be accessible only to authorized faculty and staff. For more information, see <https://www.ucalgary.ca/legal-services/sites/default/files/teams/1/faq-privacy-faculty-members.pdf> and <https://www.ucalgary.ca/legal-services/sites/default/files/teams/1/faq-privacy-students.pdf>

Internet and Electronic Communication Device information:

The use of cell phones for any purpose in class is prohibited. Computers and tablets may be used for note taking only unless otherwise authorized by the instructor.

Copyright Legislation:

See the University of Calgary policy on Acceptable Use of Material Protected by Copyright at <https://www.ucalgary.ca/legal-services/sites/default/files/teams/1/Policies-Acceptable-Use-of-Material-Protected-by-Copyright-Policy.pdf>. Students who use material protected by copyright in violation of this policy may be disciplined under the Non-Academic Misconduct Policy.

Recording of Lectures:

Recording of lectures is prohibited, except for audio recordings authorized as an accommodation by SAS or an audio recording for individual private study and only with the written permission of the instructor. Any unauthorized electronic or mechanical recording of lectures, their transcription, copying, or distribution, constitutes academic misconduct. See <https://www.ucalgary.ca/pubs/calendar/current/e-6.html>.

Instructor Intellectual Property:

Course materials created by instructors (including presentations and posted notes, labs, case studies, assignments and exams) remain the intellectual property of the instructor. These materials may NOT be reproduced, redistributed, or copied without the explicit consent of the instructor. The posting of course materials to third party websites such as note-sharing sites without permission is prohibited. Sharing of extracts of these course materials with other students enrolled in the course at the same time may be allowed under fair dealing.

Important Dates:

Please check: <http://www.ucalgary.ca/pubs/calendar/current/academic-schedule.html>.

Student Organizations:

Faculty of Arts Students' Association (F.A.S.A.):

Economics Department Representative

Office: SS 803, E-mail: econrep@fasaucalgary.ca and Web: www.fasaucalgary.ca.

Society of Undergraduates in Economics:

<https://www.ucalgarysue.com/>.

Society of Undergraduates in Economics is a student run organization whose main purpose is to assist undergraduate economics students to succeed both academically and socially at the University of Calgary. Services include access to the exam bank, career events such as Industry Night and information sessions, mentorship programs, and social events for members. They invite you to join by contacting SUE at sue@ucalgarysue.com.

Faculty of Arts Program Advising and Student Information Resources:

- Have a question, but not sure where to start? The Arts Students' Centre 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. You can also visit the Faculty of Arts website at <http://arts.ucalgary.ca/undergraduate> which has detailed information on common academic concerns, including program planning and advice.
- 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.

Student Support and Resources:

- See <https://www.ucalgary.ca/registrar/registration/course-outlines> for information on campus mental health resources, the Student Ombuds' Office, Student Success Centre, Safewalk, and Emergency Evacuation and Assembly.
- Online writing resources are available at <https://ucalgary.ca/student-services/student-success/writing-support>.

Notes:

1. Students are responsible for all assigned material, e.g., supplementary material posted on D2L, regardless of whether or not the material was covered in class.
2. No animals were harmed in the production of this course outline.

WDW

2022-11-19