

Economics 667(L01) (Industrial Organization)

Instructor:	Dr. J. Church	Lecture Location:	SS 403
Phone:	403-220-6106	Lecture Days/Time:	TR 11:00-12:15
Email:	jrchurch@ucalgary.ca		
Office:	SS 442		
Office Hours:	TR 13:00-14:00 or by appointment	Winter 2015	

Textbook(s):

Required:

Church, J. 2006. *The Impact of Vertical and Conglomerate Mergers on Competition* Brussels: European Commission. [Recommended for certain chapters. Available online at <http://bookshop.europa.eu/en/the-impact-of-vertical-and-conglomerate-mergers-on-competition-pbKD7105158/>]

Church, J., and R. Ware. 2000. *Industrial Organization: A Strategic Approach*. San Francisco: McGraw-Hill. [Recommended for certain chapters. Available online at <http://homepages.ucalgary.ca/~jrchurch/page4/page5/page5.html>.]

Tirole, J. 1988. *Theory of Industrial Organization*. Cambridge, Mass.: MIT Press.

Church and Ware is an advanced undergraduate text that has an antitrust focus, and features real world applications/examples. It is similar in coverage to the standard graduate textbook (Tirole). My study on vertical mergers substantially updates the material on anticompetitive strategies in Church and Ware. In addition, the third volume of the Handbook of Industrial Organization was published in 2007. Individual chapters of it, if necessary, can be purchased individually online.

Book(s) on Reserve:

ABA Section of Antitrust Law. 2012. *Market Definition in Antitrust: Theory and Case Studies*. Chicago: ABA.

ABA Section of Antitrust Law. 2012. *Market Power Handbook: Competition Laws and Economic Foundations*. 2nd Edition. Chicago: ABA.

ABA Section of Antitrust Law. 2012. *Monopolization and Dominance Handbook* 2nd Edition. Chicago: ABA.

ABA Section of Antitrust Law. 2014. *Econometrics* 2nd Edition. Chicago: ABA.

- Anderson, S., A. Palma, and J.-F. Thisse. 1992. *Discrete Choice Theory of Product Differentiation*. Cambridge, Mass.: MIT Press.
- Armstrong, M, and R. Porter. 2007. *Handbook of Industrial Organization*. Amsterdam: North-Holland. Volume 3.
- Buccirossi, P. ed. 2008. *Handbook of Antitrust Economics*. Cambridge: MIT Press.
- Davis, P., and E. Garces. 2010. *Quantitative Techniques for Competition and Antitrust Analysis*. Princeton: Princeton University Press.
- Elhauge, E. 2012. *Research Handbook on the Economics of Antitrust Law*. Northampton, Mass.: Edward Elgar.
- Gibbons, R. 1992. *Game Theory for Applied Economists* Princeton: Princeton University Press.
- Giocoli, N. 2014. *Predatory Pricing in Antitrust Law and Economics*. New York: Routledge.
- Hylton, K. 2010. *Antitrust Law and Economics*. Northampton, Mass.: Edward Elgar.
- Slottje, D., ed. 2003. *Measuring Market Power*. Amsterdam: Elsevier.
- Schmalensee, R. and R. Willig, ed. 1989. *Handbook of Industrial Organization*. Amsterdam: North-Holland. Volume 1.
- Tirole, J. 1988. *Theory of Industrial Organization*. Cambridge, Mass.: MIT Press.

Required and recommended readings will be assigned from material on reserve in the MacKimmie Library, from the periodical collection in the MacKimmie Library, and the internet.

Desire2Learn:

This course will make use of the Desire2Learn (D2L) platform. Students who are registered in the course can log on at <http://d2l.ucalgary.ca> using or through their student centre. Please note that D2L features a class e-mail list that may be used to distribute course-related information.

Course Description:

The central organizing principle of this course is market power: its acquisition, maintenance, and exercise. The course will focus on both theory and application, with an emphasis on how industrial organization does, and should, inform competition policy and antitrust law. Antitrust law attempts to prevent behaviour which leads to the creation, enhancement, or maintenance of market power. The focus will be on appropriate enforcement policy with respect to collusion, mergers, abuse of dominant position/monopolization, and vertical contracting/restraints. Time permitting, we will address the economics of intellectual property rights and the appropriate interface between antitrust laws and intellectual property law.

Brief Course Outline:

- 1) Market Power and Price Discrimination
 - i) Tying/Bundling
 - ii) Durable Goods Monopoly

- 2) Oligopoly and Game Theory
 - i) Product Differentiation
 - ii) Price Discrimination
 - iii) Market Definition
 - iv) Horizontal Mergers
 - v) Collusion and Price Fixing
- 3) Explaining Market Structure: Strategic Behaviour and Entry Barriers
- 4) Monopolization
 - i) Vertical Mergers and Raising Rivals' Costs
 - ii) Preemption
 - iii) Tying
 - iv) Exclusionary Contracting
- 5) Predation
- 6) Intellectual Property and Competition Policy

A detailed list of topics and readings will be provided.

Grade Determination and Final Examination Details:

Midterm	30%
Problem Sets	20%
FINAL EXAMINATION	<u>50%</u>
	100%

Students must receive a passing grade on the final exam 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. Any student work which remains undistributed after the last day of classes will be available to students through the instructor's office during his office hours.

The final examination will be comprehensive and scheduled by the Department. Tests and exams will not involve multiple choice questions. Calculators and communication devices are not allowed in exam rooms. Non-programmable calculators are permitted for all exams.

The final examination will be comprehensive. The exact date for the in-class midterm will be announced at least one week in advance. In cases of documented illness or family emergency, extra weight will be given to the final examination.

The official grading system will be used. A letter grade will be awarded based on the numeric average of the problem sets.

Notes:

- Students seeking reappraisal of a piece of graded term work (term paper, essay, etc.) should discuss their work with the Instructor *within fifteen days* of the work being returned to the 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 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

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.

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.
- For program planning and advice, contact the Student Success Centre (formerly the Undergraduate programs Office) at 403-220-5881 or visit them on the 3rd 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: Professional Faculties Food Court