

Economics 667(L01) (Industrial Organization)

Instructor:	Dr. J. Church	Lecture Location:	SS 403
Phone:	403-220-6106	Lecture Days/Time:	WF 12:30-13:15
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Office Hours:	WF 11:00-12:00 or by appointment	Winter 2017	

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 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.
- Anderson, S., D. Stromberg, and J. Waldfogel, eds. 2016. *Media and Economics*. Volumes 1A and Volumes 1b. Amsterdam: North-Holland.
- Armstrong, M, and R. Porter. 2007. *Handbook of Industrial Organization*. Amsterdam: North-Holland. Volume 3.
- Gibbons, R. 1992. *Game Theory for Applied Economists* Princeton: Princeton University Press.
- Ginsburg, D. and J. Wright, eds. 2016. *Global Antitrust Economics - Current Issues in Antitrust and Law & Economics*. New York: Institute of Competition Law.
- Giocoli, N. 2014. *Predatory Pricing in Antitrust Law and Economics*. New York: Routledge.
- Jedlicková, B. 2016. *Resale Price Maintenance and Vertical Territorial Restrictions: Theory and Practice in EU Competition Law and US Antitrust Law*. Northampton, MA: Edward Elgar.
- Kwoka, J. 2015. *Mergers, Merger Control, and Remedies*. Cambridge: MIT Press.
- Peitz, M. and J. Waldfogel, eds. 2012. *The Oxford Handbook of The Digital Economy*, Oxford: Oxford University Press.
- 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.

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> through their student centre. Please note that D2L features a class e-mail list that will be used to distribute course-related information. These e-mails go to your University of Calgary e-mail addresses only.

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.

Brief Course Outline:

- 1) Market Power and Price Discrimination

- 2) Oligopoly and Game Theory
- 3) Mergers, Market Definition, and Product Differentiation
- 4) Market Structure and Strategic Behaviour

A detailed list of topics and readings will be provided.

Grade Determination and Final Examination Details:

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

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.

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

The exact date for the in-class midterm will be announced at least one week in advance.

Students unable to write exams because of documented illness, family emergency, religious observance, or a university-sanctioned event will have the weight shifted to the final examination; otherwise a grade of zero will be assigned.

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

A letter grade will be awarded based on the numeric average of the problem sets.

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>

A student who feels that a piece of graded term work (e.g., term paper, essay, test) has been unfairly graded, may have the work re-graded as follows. The student shall discuss the work with the instructor within 15 days of being notified about the mark or of the item's return to the class; no reappraisal of term work is permitted after the 15 days. If not satisfied, the student shall immediately take the matter to the Head of the Department of Economics. The Department Head will arrange for a reassessment of the work within the next 15 days. The reappraisal of term work may cause the grade to be raised, lowered, or to remain the same. If the student is not satisfied with the decision and wishes to appeal,

the student shall address a letter of appeal to the Dean of the Faculty of Arts within 15 days of the unfavourable decision. In the letter, the student must clearly and fully state the decision being appealed, the grounds for appeal, and the remedies being sought, along with any special circumstances that warrant an appeal of the reappraisal. The student should include as much written documentation as possible.

Plagiarism and Other Academic Misconduct:

Intellectual honesty is the cornerstone of the development and acquisition of knowledge and requires that the contribution of others be acknowledged. Consequently, plagiarism or cheating is regarded as an extremely serious academic offense. Plagiarism involves submitting or presenting work in a course as if it were the student's own work done expressly for that particular course when, in fact, it is not. Students should examine sections of the University Calendar that present a Statement of Intellectual honesty and definitions and penalties associated with Plagiarism/Cheating/Other Academic Misconduct, <http://www.ucalgary.ca/pubs/calendar/current/k.html>

Academic Accommodation:

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. For additional information on support services and accommodations for students with disabilities, Visit www.ucalgary.ca/access/.

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 policy on Student Accommodations is available at www.ucalgary.ca/policies/files/policies/student-accommodation-policy_0.pdf.

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 14 days after the start of this course.

Evacuation Assembly Point:

In case of an emergency evacuation during class, students must gather at the designated assembly point. The assembly point for this classroom is the Food Court in the Professional Faculties Building.

Safewalk:

The safewalk program provides volunteers to walk students safely to their destination anywhere on campus. This service is free and available 24 hrs/day, 365 days a year. **Call 403-220-5333.**