

Economics 471 (L01) (Industrial Organization)

Instructor:	J. Church	Lecture Location:	MS 211
Phone:	403-220-6106	Lecture Days/Time:	TR 12:30-13:45
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Office Hours:	TR 14:00-15:00	(Fall 2017)	

Course Description:

“Rents-how to spot them, grab them, hang onto them. That's what strategy should be.” The objective of this course is to provide an introduction to the theory of industrial organization. Industrial organization is concerned with the functioning of imperfectly competitive markets and the behaviour of firms in these markets.

Course Objectives/Learning Outcomes:

At the end of this course, students should be able to address the following questions: 1) Why are markets organized as they are? 2) How does the organization affect the way in which firms behave? 3) How does the behaviour of firms influence the structure or organization of markets? The focus is on the strategic behaviour of firms. How can firms create monopoly rents or profits and maintain them? What are the social implications of these kinds of behaviour? The last question naturally leads to issues of economic regulation and antitrust policy. Econ 477 is a course in regulatory economics and Econ 571 is a course in competition policy. Econ 471 is a prerequisite to both.

Summer Internship in Regulatory Economics:

Students who complete Econ 471 and Econ 477 may be eligible for the Summer Internship Program in Regulatory Economics. This program has placed students with regulated firms and regulators in Calgary since the summer of 2000. Details on the program can be found in the call for applications from previous years. See the Department of Economics website.

Course Outline:

- (1) Foundations
 - (a) Introduction
 - (b) Welfare Economics of Market Power
- (2) Monopoly
 - (a) Market Power and Dominant Firms
 - (b) Non-Linear Pricing and Price Discrimination
- (3) Oligopoly
 - (a) Game Theory I
 - (b) Oligopoly
 - (c) Game Theory II
 - (d) Collusion and Cartels

- (4) Strategic Behaviour
 - (a) An Introduction to Strategic Behaviour
 - (b) Entry Deterrence
 - (c) Strategic Behaviour
- (5) Transaction Costs, Vertical Control, and Profit-Maximization [Time Permitting]
 - (a) The Economics of Coordinating Economic Activities: Firms and Markets
 - (b) Inside the Black Box of the Firm: Incentives and Profit Maximization

Prerequisites/corequisites:

Econ 357

Required Textbook(s):

Church, J., and R. Ware. 2000. *Industrial Organization: A Strategic Approach*. San Francisco: McGraw-Hill.
Available online 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 Textbook(s):

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

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

Books on Reserve:

- ABA Section of Antitrust Law. 2008. *Issues in Competition Law and Policy*. Chicago: ABA Publishing. Volumes I, II, and III.
- Biggar, D. and M. Hesamzadeh. 2014. *The Economics of Electricity Markets*. Wiley-IEEE Press.
- Blair, R., and D. Sokol, eds. 2015. *The Oxford Handbook of International Antitrust Economics*. Oxford: Oxford University Press, Volumes 1 and II.
- Blair, R., and D. Sokol, eds. 2017. *The Cambridge Handbook of Antitrust, Intellectual Property, and High Tech*. Cambridge: Cambridge University Press.
- Carleton, D., and J. Perloff. 2005. *Modern Industrial Organization*. 4th ed. Boston: Addison Wesley.
- Enrich, D. 2017. *The Spider Network: The Wild Story of a Math Genius, a Gang of Backstabbing Bankers, and One of the Greatest Scams in Financial History*. Custom House.
- Ezrachi, A., and M. Stucke. 2016. *Virtual Competition: The Promise and Perils of the Algorithm-Driven Economy*. Harvard University Press.
- Evans, D. and R. Schmalensee. 2016. *Matchmakers: The New Economics of Multisided Platforms*. Harvard Business Review Press.
- Gibbons, R. and J. Roberts. 2013. *The Handbook of Organizational Economics*. Princeton: Princeton University Press.
- Katz, M. and H. Rosen. 1998. *Microeconomics*. 3 ed. San Francisco: McGraw-Hill.
- Hovenkamp, H. 2015. *Federal Antitrust Policy*. 5th Edition. St. Paul, Min.: West.
- Landsburg, S. 1993. *The Armchair Economist*. Toronto: Maxwell MacMillan.
- Kwoka, J. E., Jr., and L. J. White, ed. 2014. *The Antitrust Revolution*. 6th ed. Oxford: Oxford: University Press.
- Menard, C. and E. Bertrand. 2016. *The Elgar Companion to Ronald H. Coase*. Edward Elgar.
- Niels, G, H.Jenkins, and J. Kavanagh. 2016. *Economics for Competition Lawyers*. 2nd Edition. Oxford: Oxford University Press.

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 may be used to distribute course-related information. These e-mails go to your University of Calgary e-mail addresses only.

Grade Determination and Final Examination Details:

MIDTERM EXAM	20%
FINAL EXAMINATION	50%
Assignments	30%
	<hr/>
	100%

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

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, scheduled by the Registrar, held in a classroom, and last 2 hours. If a student cannot write their final exam on the date assigned by the Registrar's Office, they need to apply for a deferred exam www.ucalgary.ca/registrar/exams/deferred_final. Under no circumstance will this be accommodated by the Department.

Tests and exams will not involve multiple choice questions. Non-programmable calculators WILL NOT be allowed during the writing of tests or final examinations.

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

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 final examination; otherwise a grade of zero will be assigned.

Reappraisal of Grades and Intellectual Honesty:

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>

Statement of Intellectual Dishonesty, see Calendar K.4

<http://www.ucalgary.ca/pubs/calendar/current/k-4.html>

Plagiarism and Other Academic Misconduct, , see Calendar K.5

<http://www.ucalgary.ca/pubs/calendar/current/k-5.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 <http://www.ucalgary.ca/policies/files/policies/student-accommodation-policy.pdf>

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 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 at societyofundergradsineconomics@gmail.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.
- Online writing resources are available at <http://www.ucalgary.ca/ssc/resources/writing-support>.

Evacuation Assembly Point:

In case of an emergency evacuation during class, students must gather at the designated assembly point nearest to the classroom. The assembly point for this classroom is Social Science—Food Court.

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.**