



Department of Economics Course Outline

		Term:	Winter 2008
Course:	Economics 667 [Industrial Organization]	Section:	1
Time:	MW 8:30-9:45	Place:	SA 145
Instructor:	Dr. J. Church		
Office:	SS 442	Telephone:	220-6106
Office Hours:	MW 11:00-12:00 and by appointment	E-Mail:	jrchurch@ucalgary.ca

Textbook(s):

Armstrong, M, and R. Porter. 2007. *Handbook of Industrial Organization*. Amsterdam: North-Holland. Volume 3. [Recommended for certain chapters. Chapters can be purchased individually online.]

Church, J. 2004. *The Impact of Vertical and Conglomerate Mergers on Competition* Brussels: European Commission. [Recommended for certain chapters. Available online at <http://europa.eu.int/comm/competition/mergers/others/#study>.]

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. [Recommended.]

Whinston, M. 2006. *Lectures on Antitrust Economics*. Cambridge: MIT Press. [Recommended.]

Tirole is the standard text, but is a bit dated. Church and Ware is an advanced undergraduate text that, while covering much of the same ground as Tirole, reflects more recent advances, has an antitrust focus, and features real world applications/examples. My study on vertical mergers substantially updates the material on anticompetitive strategies in Church and Ware.

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.

Book(s) on Reserve:

- ABA Section of Antitrust Law. 2005. *Econometrics: Legal, Practical, and Technical Issues*. Chicago: ABA Publishing.
- 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.
- Choi, J.P. 2007. *Recent Developments in Antitrust: Theory and Evidence*. Cambridge, Mass.: MIT Press.
- Church, J., and R. Ware. 2000. *Industrial Organization: A Strategic Approach*. San Francisco: McGraw-Hill.
- Hovenkamp, H. 2005. *Federal Antitrust Policy: The Law of Competition and Its Practice* 3rd edition. St. Paul: Thomson-West.
- Majumdar, S., V. Vogelsang, and M. Cave, ed. 2005. *Handbook of Telecommunications Economics*. 2. Amsterdam: North-Holland.
- Motta, M. 2004. *Competition Policy: Theory and Practice*. Cambridge: CUP.
- Pepall, L., D. Richards, and G. Norman. 2004. *Industrial Organization: Contemporary Theory and Practice*. 3rd ed.
- Perloff, J., L. Karp, and A. Golan. 2007. *Estimating Market Power and Strategies*. Cambridge: Cambridge University Press.
- Roberts, J. 2004. *The Modern Firm*. 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.
- Tirole, J. 1988. *Theory of Industrial Organization*. Cambridge, Mass.: MIT Press.
- Whinston, M. 2006. *Lectures on Antitrust Economics*. Cambridge: MIT Press.

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) Advertising
 - iii) Price Discrimination
 - iv) Market Definition
 - v) Horizontal Mergers
 - vi) 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	20%
Problem Sets (4 @ 5% each)	20%
Case Analysis/Term Paper	30%
FINAL EXAMINATION	<u>30%</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.

The final examination will be comprehensive, two hours, and scheduled by the Department.

Students will be given at least one week to complete each problem set. Late problem sets will never be accepted. In cases of documented illness or family emergency, extra weight will be given to the final examination.

Information on the case analysis or term paper will be distributed at a later date. 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 date of the 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 if the midterm is not written.

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

Tests and exams will not involve multiple choice questions.

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

Blackboard:

This course will make use of Blackboard - students who are registered in the course can log on at <http://blackboard.ucalgary.ca/webapps/login>. Please note that Blackboard features a class email list that I will use. It is your responsibility to make sure that Blackboard uses the email of your choice. The default is your University of Calgary email address.

Notes:

- 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.

Safewalk / Campus Security: 220-5333
