

Economics 667(L01) (Industrial Organization)

Instructor:	Dr. J. Church	Lecture Location:	SS 423
Phone:	403-220-6106	Lecture Days/Time:	MW 11:00-12:15
Email:	jrchurch@ucalgary.ca	Office:	SS 442
Office Hours:	MW 13:00-14:00 or by appointment		Winter 2018

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.

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. 2008. *Issues in Competition Law and Policy*. Chicago: ABA Publishing.
Volumes I, II, and III.

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.

ABA Section of Antitrust Law. 2015. *Mergers and Acquisitions: Understanding the Antitrust Issues*, 4th edition. Chicago: ABA Publishing.

ABA Section of Antitrust Law. 2015. *Intellectual Property and Antitrust Handbook*, Second Edition. Chicago: ABA Publishing.

ABA Section of Antitrust Law. 2016. *Antitrust Law and Economics of Product Distribution*. Second Edition. 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.

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.

Evans, D. and R. Schmalensee. 2016. *Matchmakers: The New Economics of Multisided Platforms*. Harvard Business Review Press.

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.

Ginsburg, D. and J. Wright, eds. 2016. *Global Antitrust Economics - Current Issues in Antitrust and Law & Economics*. New York: Institute of Competition Law.

- Hovenkamp, H. 2015. *Federal Antitrust Policy*. 5th Edition. St. Paul, Min.: West.
- Kaplow, L. 2013. *Competition Policy and Price Fixing*. Princeton: Princeton University Press.
- Marshall, R. and L. Marx. 2012. *The Economics of Collusion*. Cambridge: MIT Press.
- Niels, G, H.Jenkins, and J. Kavanagh. 2016. *Economics for Competition Lawyers*. 2nd Edition. Oxford: Oxford University Press.
- Parcu, P., G. Monti, and M. Botta, Eds. 2017. *Abuse of Dominance in EU Competition Law: Emerging Trends*. Edward Elgar.
- Peitz, M. and J. Waldfoegel, eds. 2012. *The Oxford Handbook of The Digital Economy*, Oxford: Oxford University Press.
- Posner, R. 2001. *Antitrust Law*. 2nd edition. Chicago: University of Chicago Press.
- Schmalensee, R. and R. Willig, ed. 1989. *Handbook of Industrial Organization*. Amsterdam: North-Holland. Volume 1.
- Stone, B. 2013. *The Everything Store: Jeff Bezos and the Age of Amazon*. Little, Brown and Company.
- Slottje, D., ed. 2003. *Measuring Market Power*. Amsterdam: Elsevier.
- Shum, M. 2016. *Econometric Models For Industrial Organization*. World Scientific Publishing.
- Stikeman Elliot. 2016. *2017 Competition Act & Commentary*. Markham, Ontario: LexisNexis.
- Tirole, J. 1988. *Theory of Industrial Organization*. Cambridge, Mass.: MIT Press.

The reserve titles are scattered across numerous courses, including Econ 471, Econ 571, and Econ 667. Search by title, not course to locate a source. Required and recommended readings will be assigned from material on reserve in the Taylor Library, from the periodical collection in the Taylor 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.

Grade Determination and Final Examination Details:

Midterm	25%
Problem Sets	25%
FINAL EXAMINATION	<u>50%</u>
	100%

There will be an option to reduce the weighting of the final examination by 25% and increase the weighting of the problem sets by a similar amount. This option involves written work that involves analysis of antitrust cases.

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/current/f-1-2.html>.

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

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>

Important Dates:

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

Academic Accommodation:

The student accommodation policy can be found at: ucalgary.ca/access/accommodations/policy. Students needing an accommodation because of a disability or medical condition should communicate this need to Student Accessibility Services in accordance with the Procedure for Accommodations for Students with Disabilities ucalgary.ca/policies/files/policies/student-accommodation-policy. Students needing an Accommodation based on a Protected Ground other than disability, should communicate this need, preferably in writing, to the course instructor.

Student Organizations:

Faculty of Grad Studies website: <http://grad.ucalgary.ca/home>

Graduate Students Association: <http://gsa.ucalgary.ca/>

Professional Development for Grad Students

Workshops and resources can be found at <http://www.ucalgary.ca/mygradskills/>

Economics Graduate Association: <http://econ.ucalgary.ca/ega/>

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.**

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

Personal information is collected in accordance with FOIP. For more information, see <http://www.ucalgary.ca/legalservices/foip/foip-hia>.

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.

JRC

January 3, 2018