

School of Economics and Finance

## **ECON 211 INDUSTRIAL ORGANISATION**

Trimester Two 2010

### **COURSE OUTLINE**

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#### **Names and Contact Details**

##### Lecturer

Jack Robles (course coordinator)  
Room RH 317

Office Hours: M, Th 2:35 to 3:30

Tel: (04) 463-7492

Mail Box: Mezzanine Floor, RH, **Box # 72**

Email: [jack.robles@vuw.ac.nz](mailto:jack.robles@vuw.ac.nz)

##### Tutor

Vladimir Pertkov

Mail Box: Mezzanine Floor, RH, **Box # 74**

Email: [vladimir.petkov@vuw.ac.nz](mailto:vladimir.petkov@vuw.ac.nz)

#### **Class Times and Room Numbers**

##### Lecture Times and Location

Monday & Thursday: 1:40pm - 2.30pm in RH LT 2

##### Tutorial Times and Location

Friday: Starting at 11:30 and 2:40 in RH G02.

There is NO tutorial on July 16, July 23, September 17 and October 1.

#### **Assessment Requirements**

The assessment for the course consists of two assignments, a test, and a final examination.

Assignment 1	10%	Thursday, August 19
Assignment 2	10%	Thursday, October 7
Test (1 hour)	30%	Week 7 or 8
Final Exam (2 hour)	50%	Date TBA

Your assessed work may also be used for quality assurance purposes, such as to assess the level of achievement of learning objectives as required for accreditation and audit purposes. The findings may be used to inform changes aimed at improving the quality of FCA programmes. All material used for such processes will be treated as confidential, and the outcome will not affect your grade for the course.

**Mandatory Course Requirements** There are no mandatory course requirements.

#### **Penalties**

Assignments are to be placed in the relevant Mezzanine Floor mail box by 5PM of the due date.

Late Assignments will not be accepted more than 1 week late, and will have 5% deducted per day (rounded up) late. Late assignments must be dated by an SEF staff member.

## Course Content

- I Introduction to Industrial Organisation  
Refs: Martin Ch. 1
- II The (Vanilla) Firm, and Perfect Competition  
Refs: Cabral: Chs. 1-3, Carlton & Perloff: Ch 1-3, Martin: Ch 2
- III Monopoly and US Public Policy  
Refs: Cabral: Chs. 4.1 and 4.2, Chs. 5 and 6, Carlton & Perloff: Chs.4 & 19  
Martin: Chs 2-3
- IV Game Theory
- V The Dominant Firm  
Refs: Cabral: Ch.7, Carlton & Perloff: Ch.6 & 4, Martin: Ch 4
- VI Cournot, Stackelberg and Bertrand Oligopoly  
Refs: Cabral: ch.7, Carlton & Perloff: Ch.6, Martin: Ch 5, Perloff: Ch 14  
Case: Kwoka & White: Case 6
- VII Conscious Parallelism and Collusion  
Refs: Cabral Ch 8, Carlton & Perloff Chs 5& 11, Martin Ch. 5 & 6
- VIII Hydro-Power and the Electricity Market
- IX Product Variety: Location models and Differentiated Product Price Competition  
Refs: Cabral: ch.12, Carlton & Perloff: Ch.16
- X Research and Development  
Refs: Cabral Ch 16, Carlton & Perloff Ch 16, Martin Ch.12
- XI Vertical Integration  
Refs: Cabral Ch 11, Carlton & Perloff Ch 12, Martin Ch. 9

## Readings

### *Required Textbook*

Cabral, Luis M.B. *Introduction to Industrial Organisation* (MIT Press)

### *Other useful texts include:*

Carlton, D. and Perloff, J., *Modern Industrial Organization*, 3rd ed. Addison Wesley 2000.

Shy, O., *Industrial Organization: Theory and Applications*, MIT Press, 1995.

Martin, S., *Industrial Organization: Economic Analysis and Public Policy*, 2<sup>nd</sup> ed. Prentice Hall 1993.

Kwoka, J. and White, L., *The Antitrust Revolution: The Role of Economics*, 2<sup>nd</sup> ed. Harper Collins 1994

Perloff, J. *Microeconomics*, 4<sup>th</sup> ed. Addison-Wesley

## Trimester Dates

**Teaching Period:** Monday 12<sup>th</sup> July – Friday 15<sup>th</sup> October 2010

**Study Period:** Monday 18<sup>th</sup> October – Thursday 21<sup>st</sup> October 2010

**Examination Period:** Friday 22<sup>nd</sup> October – Saturday 13<sup>th</sup> November 2010 (inclusive)

Students should be able to attend an examination at the University at any time during the formal examination period.

## Withdrawal from Courses:

Your fees will be refunded if you withdraw from this course on or before **23 July 2010**

The last date for withdrawal from this course is the three-quarter point of the teaching period, i.e. **Friday 24 September**. After that date, permission to withdraw requires the permission of the Associate Dean (Students) as set out in section 8 of the Personal Courses of Study Statute

<http://policy.vuw.ac.nz/Amphora!~~policy.vuw.ac.nz~POLICY~000000001743.pdf>

To apply for permission, fill in the Late Withdrawal form available from either of our Student Customer Service Desks.

### **Course Learning Objectives**

In this course, economic theory and case studies are used to understand the organisation of firms, industries and markets. We draw on game theory, information theory, and the application of economics to legal issues.

By the end of this course, students should be able to:

- comprehend and articulate economic explanations of firms and public bodies, industry and market performance and organisational structures;
- comprehend and apply game theory and transactions cost analysis to industrial organisation issues;
- analyse the effects of dominant and oligopoly firms;
- analyse monopoly and regulation;
- analyse the role and implementation of competition law.

### **Course Delivery**

Course will be delivered by means of lectures and tutorials.

### **Expected Workload**

This is a 15 point course which implies a workload = 150 hours. Hours expected per week = 19 (over 13 weeks), or 20 (over 12 weeks). This is a guide only and individual students should not feel constrained by it.

### **Class Representative**

A class representative will be elected in the first class, and that person's name and contact details will be available to VUWSA, the Course Coordinator and the class. The class representative provides a communication channel to liaise with the Course Coordinator on behalf of students.

### **Communication of Additional Information**

Notices and other additional information will be notified in class and provided on Blackboard.

**For the following important information follow the links provided:**

#### **Academic Integrity and Plagiarism**

<http://www.victoria.ac.nz/home/study/plagiarism.aspx>

#### **General University Policies and Statutes**

<http://www.victoria.ac.nz/home/about/policy>

#### **AVC (Academic) Website: information including: Conduct, Academic Grievances, Students with Impairments, Student Support**

[http://www.victoria.ac.nz/home/about\\_victoria/avcacademic/Publications.aspx](http://www.victoria.ac.nz/home/about_victoria/avcacademic/Publications.aspx)

#### **Faculty of Commerce and Administration Offices**

<http://www.victoria.ac.nz/fca/studenthelp/>

#### **Manaaki Pihipihinga Programme**

[http://www.victoria.ac.nz/st\\_services/mentoring/](http://www.victoria.ac.nz/st_services/mentoring/)