

Course Outline

Department of Economics
School of Business and Economics

ECON 4660-3
Industrial Organization (3,0,0)

Calendar Description

Students examine of the performance and operation of imperfectly competitive markets, as well as the behavior of firms in these markets. They attempt to answer big questions, such as why are firms and markets organized the way they are; how does the behavior of firms affect the structure and performance of markets; and how does the organization of markets determine how firms behave and how markets perform. Topics include theories of the firm; market structure models; strategic interaction among firms; business practices such as mergers and acquisitions, price discrimination, advertising, innovation, vertical restraints, and cartels; and new developments in industrial organization, including network issues and auction markets.

Educational Objectives/Outcomes

After completing this course, students should be able to:

1. Describe the basic models of the behaviour of firms and industrial organization.
2. Solve analytically problems relating to industrial organization.
3. Explain why government intervenes in markets.
4. Discuss how the firms' actions affect consumer welfare.
5. Apply models to important policy areas while being aware of the limitations.
6. Discuss the factors that influence the conduct of firms in terms of their advertising, price setting, R&D, and other decisions

Prerequisites

ECON 2900 or ECON 3040

Co-requisites

Texts/Materials

Lynne Pepall, Daniel J. Richards and George Norman, Industrial Organization: Contemporary Theory and Practice, 4rd Edition, South-Western College Publishing, 2008.

Student Evaluation

Assignments	0-30%
Term Project	0-30%
Midterm(s)	20-60%
Final exam	30-50%

Course Topics

<ol style="list-style-type: none">1. Monopoly Power and Practice<ul style="list-style-type: none">• Price discrimination• Product variety and quality2. Game Theory and Oligopoly Markets<ul style="list-style-type: none">• Static games and Cournot competition• Dynamic games and first and second movers3. Anticompetitive Strategies<ul style="list-style-type: none">• Limit pricing and entry deterrence• Price-fixing and repeated games4. Contractual Relations between Firms<ul style="list-style-type: none">• Horizontal mergers• Vertical and conglomerate mergers5. Nonprice Competition<ul style="list-style-type: none">• Advertising, market power, and information• Research and Development6. New Developments in Industrial Organization<ul style="list-style-type: none">• Network issues• Auctions and Auction Markets

Methods for Prior Learning Assessment and Recognition

As per TRU policy

Attendance Requirements – Include if different from TRU Policy

As per TRU policy

Special Course Activities – Optional

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Use of Technology – Optional

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