

**University of Guelph
College of Management and Economics
Department of Economics & Finance**

Econ*3530 - Industrial Organization

Fall 2012

Instructor: Henry Thille
Office: MacKinnon 702
Office Hours: Wed., Thurs., 11:00-12:00

It is your responsibility as a student to be aware of and to abide by the University's policies regarding academic misconduct, e-mail communication, maintaining copies of out-of class assignments, what to do when you cannot meet a course requirement and the drop date for this semester. To better understand these policies, visit:

<http://www.uoguelph.ca/economics/node/1115>

Course Outline

Description: This course will introduce students to the field of industrial organization, which is concerned with the performance of markets and the interaction between firms. We will explore theories of the behaviour of firms with market power and explore the implications of this behaviour for competition policy in Canada.

Textbook: Church, Jeffrey and Roger Ware. *Industrial Organization: A Strategic Approach*. McGraw-Hill. 2000.

This book is out of print, although used copies may be available. An electronic version is available at the following link:

http://works.bepress.com/jeffrey_church/23/

Prerequisites: ECON*2310 and ECON*2770.

Assessment: Grades will be determined by students performance on a midterm and a final exam.

	Date	Weight
Midterm exam	Thurs., Oct. 18	40%
Final exam	Dec. 4 th , 8:30-10:30 am	60%

Students missing the midterm exam will see that weight transferred to the final exam. The final exam will cover the entire course. If a student receives a grade on the final exam that exceeds the course grade as calculated above, the final exam grade will be used for the course grade.

Students should not use email as a substitute for office hours. Email should be used for questions of an administrative nature only. I will use the course website to make announcements as necessary. It is the student's responsibility to check for these announcements regularly. In addition, I will enable the discussion component of the course website which will allow students to communicate among themselves.

You will be asked to complete an evaluation of this course at some time during the last two weeks of the semester. The Department of Economics policy regarding the conduct and use of these evaluations will be found at:

<http://www.uoguelph.ca/economics/academics/courses/course-evaluation>

Topics and Reading: The following topics will be covered. The chapters refer to Church and Ware. The first three topics will be covered very quickly as they contain a substantial amount of review material.

Introduction	Ch. 1
Market power and welfare	Ch. 2
The theory of the firm	Ch. 3
Canadian Competition Policy	Competition Act
Monopoly	
Market power and dominant firms	Ch. 4
Price discrimination	Ch. 5
Market power and product quality	Ch. 6
Oligopoly	
Game theory	Ch. 7
Classic models of oligopoly	Ch. 8
Product differentiation	Ch. 11
Measuring market power	Ch. 12
Entry Deterrence	Ch. 13, 14
Antitrust	
The theory of the market	Ch. 19
Predatory pricing	Ch. 21
Horizontal mergers	Ch. 23

In addition, readings will be assigned from the Canadian Competition Act as the topics warrant. The Act can be found in the library, or accessed at <http://laws.justice.gc.ca/en/C-34/index.html> Supplementary material available from the Competition Bureau's website will also be assigned.