MACQUARIE UNIVERSITY
Division of Economic and Financial Studies

UNIT OUTLINE

BBA204 INDUSTRY POLICY AND BUSINESS
MANAGEMENT 2008

CIRCULAR 1

GENERAL INFORMATION AND LECTURE
OUTLINE
Aims of the Course

Welcome to Industry Policy and Business Management. The aim of this course is to provide students with an understanding of the microeconomic policy environment within which firms operate and to provide them with some of the analytical tools of economics which can be expected to assist in business decision making. Specifically, the course aims:

- to further a student’s understanding of microeconomics, a subject concerned with the analysis of individual decision making units in the economy, which includes the behaviour of firms and industries, and

- to provide students with the opportunity to apply economic principles to the analysis of important decisions confronting the management of business organisations.

Lectures and Tutorials

There are two lectures per week throughout the first semester. You are strongly encouraged to attend the lectures so that the analytical content of the subject can be outlined and a basis provided for your reading and tutorial preparation. It is important for you to recognise however, that lectures should be considered as a supplement to, rather than a substitute for, your study of the reference material.

There will be eight tutorial meetings held during the semester. These tutorial sessions are designed to review and to extend the work covered in lectures. Tutorials commence in the fourth week of the semester i.e. the week beginning Monday, 17 March 2008. There will be no tutorial meetings during weeks 1 to 3 of the semester.

The lecturer responsible for the teaching of this course is:

Mr Allan McHarg (room E4A-417; telephone 9850 8492).

Enquiries and Problems

(a) Academic

Problems relating to difficulties you might be having in understanding material in lectures, readings or tutorials should be directed to Mr Allan McHarg. Remember, if you are having academic difficulties or worries of any kind you should not feel embarrassed about seeking help.
(b) **Personal**

If your studies are being affected by personal problems, or if you are having difficulty in adjusting to University life, contact the Student Counselling Service which provides assistance with a very wide range of problems.

(c) **Special Consideration**

If you are unfortunate enough to suffer accident, illness, or any other major disturbance which affects your work, you may apply to have account taken of this in the assessment of your performance. To do this, you should **write to the Registrar immediately the problem arises**, stating:

(a) the units you are enrolled in;  
(b) details of any work affected or missed;  
(c) the nature of the problem, including evidence (e.g. medical certificate/s where applicable).

**ASSESSMENT**

Assessment in the course will be as follows:

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<tbody>
<tr>
<td>Compulsory Assignment</td>
<td>20</td>
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<tr>
<td>Final Examination</td>
<td>80</td>
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<td><strong>Total</strong></td>
<td><strong>100</strong></td>
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**Lecture Outline**

The following topics will be discussed during the semester. Note that the lecture time specified for each topic is only an approximation: some topics may be discussed in greater depth while the time spent in examining other topics may be reduced.

**Lecture No.**

1 – 2 The Economists View of Behaviour and the Contribution of Economics to Business Studies  
3 – 4 The Nature of the Firm  
5 – 9 Strategy and Pricing in Oligopolistic Markets  
10 – 11 Markets Dealing with Uncertainty: the Market for Insurance  
12 – 13 Economics of Information  
14 – 15 The Meaning of Efficiency  
16 – 18 Market Failure  
19 – 20 Aims of Policy, Microeconomic Reform  
21 – 22 Competition Policy  
23 – 24 Privatisation and Regulatory Reform  
25 – 26 Comparative Advantage, International Competitiveness and Trade Policy
Textbook

This course straddles two broad areas of subject material namely the behaviour of firms in the marketplace and the policy environment within which firms operate. Unfortunately there is no one textbook which deals with these issues in an Australian context. For this reason no text has been prescribed. You should however, acquire three booklets of BBA204 Course Readings. These will be available from the bookshop.

A reference list for each topic is provided later in this document. Further direction as to those references which should be given priority in your reading will be provided in class.

Useful References for Lectures 1 – 18 (A more specific reading guide for lectures follows this list).


**Reading Guide for Lectures**

**Lectures 1 – 2**

McEachern, chapters 1 and 2

Waldman and Jensen, chapter 2

Brickley, Smith and Zimmerman, chapter 2

Amacher and Ulbrich, chapter 1

**Lectures 3 – 4**

Hay and Morris, chapter 7

Moschandreas, chapter 3

Miller and Fishe, chapter 7

Carlton and Perloff, chapter 2

Ricketts, chapter 2

Greer, chapter 3

McEachern, chapter 15

Brickley, Smith and Zimmerman, chapter 2

Demsetz, chapter 1

Coase, chapters 1 and 2

Baye, chapter 6

Nicholson, 7th ed., appendix to chapter 7

**Lectures 5 – 9**

Moschandreas, chapters 8 and 9

Hyman, chapters 12 and 13

Truett and Truett, chapters 10 and 11

Pindyck and Rubinfeld, chapters 11 - 13

Nicholson, chapters 10 – 12
Miller and Fishe, chapters 11 – 13
Greer, chapters 12-15

**Lectures 10 – 11**
Schotter, chapter 14
Grinols, chapter 15
Pindyck and Rubinfeld, chapter 5
Denzau, chapter 13
Maddala and Miller, chapter 21

**Lectures 12 and 13**
Hyman, chapter 13
Pindyck and Rubinfeld, chapter 17
Browning and Zupan, chapter 15
Katz and Rosen, chapter 16

**Lectures 14 – 15**
Nicholson – 3rd ed., chapter 18
Grinols, chapter 12
Pindyck and Rubinfeld, chapter 16
Pashigian, chapter 18

**Lectures 16 – 18**
Miller and Fishe, chapter 17
Grinols, chapter 14
Maddala and Miller, chapter 19
Pindyck and Rubinfeld, chapter 18
Pashigian, chapter 19
Lectures 19-20


Maddock, R., *Australian Lessons in Implementing Competition Reform*. (See Book of Readings No. 3).

Lectures 21-22


Lectures 23-24


(This issue of the Journal also contains other useful articles on the regulation of economic activity).

Chapter 1 – R. Cranston – Regulation and Deregulation, General Issues.
Chapter 6 – G.C. Rowe – Economic Theories of the Nature of Regulatory Activity.
(NB: This reference also contains specific studies in regulation).

Lectures 25-26


