

Econ 309 Industrial Organization

3 Credit Course

Course Summary

In standard economic theory, markets exist to allocate and distribute a nation's wealth through the process of exchange. The way in which a society organises these markets and the purposes to which the resulting structures are put cannot be understood without in turn comprehending the way in which industries are organised within that economy, specifically the contractual arrangements that facilitate economic exchange.

The course then focuses solely on the economics of contracting. Our goal is to understand this issue and then to apply that framework in a very practical manner in order to analyse common problems arising in business and in broader contexts.

Because of the ubiquity of economic contracting, the course will provide a very hands-on approach to how individuals can actually use economic thinking to analyse common problems. In doing so, students will sharpen their ability to reason, to read with greater understanding, to communicate better both in their written and oral endeavours and to conduct research that achieves useful ends.

Student Responsibilities

Students are expected to take full responsibility for all of their actions. The course handout (distributed during the first lecture) lays out in some detail what students need to do to pass the course. Failure to heed the incentives, instructions or any other responsibilities connected with the course will quite naturally increase a student's chance of failure. Students must decide if they wish to take such risks. Students are also the best judge of how well they think they understand course material. If after making serious weekly attempts to answer supplied study question, they are still running into any difficulty, they must then seek assistance from the lecturers associated with the course as soon as possible. The more a student delays in seeking such assistance, the greater the difficulty a student will find in rectifying his or her problems. Information concerning the weekly requirements of the course are provided in weekly lectures and posted on the course web page <http://learn.mq.edu.au> . As the course itself will make clear, the time to address any course difficulties is before the final exam and certainly not afterwards. Please consult the course handout for additional useful details.

Lectures, Seminars and Tutorials

Lectures are two hours and are given once a week.

Students will also meet in smaller groups once a week. Attendance at these meetings is expected. The first meeting (the first week of classes) will be informational in nature.

The following weeks are divided between tutorials (even weeks – 2,4,6,8,10,12) and seminars (odd weeks – 3,5,7,9,11,13). Tutorials will focus on the study questions provided in the course reader. Students must prepare answers prior to attending their assigned tutorial. Unless students come prepared, they will not be capable of discussing these questions. There is then no reason for students to attend these sessions unprepared. The tutorials will serve to provide

students with practise applying the contractual framework developed in the course to very short case studies.

The seminars are reserved for a critical analysis of an assigned journal article which has played a seminal role in the field of industrial organisation. The point of these seminars is not to merely develop the capability of summarising these key articles but to understand them at a much more detailed and deeper level.

Attendance at seminars/tutorials 2-13 is not only expected but required. Their success depends on students attending each week prepared to discuss that week's assignment. Failure to attend hurts not only the absent individual student but the group as a whole. Students are permitted to miss up to four meetings for any reason whatsoever. Any additional absences will mean a deduction of 2 marks for each session missed from the student's final assessment. See the course handout for further details about the seminar/tutorial program and schedule as well as details about how these sessions will be conducted and further student responsibilities.

Lecturer

Craig Freedman has designed this course and will lecture in it for the entire 13 weeks.

Room: E4A 424
Phone: 9850-7444

Assessment

There will be two written assignments and a final exam.

Seminar Paper

The seminar paper is worth a maximum of 15 points. Students will be required to submit a critical analysis of one of the six seminar papers covered. Papers are a maximum of 1300 words. To write a successful seminar paper of this sort requires careful and repeated reading of the seminar paper. Writing this paper will increase a student's ability to read with a deeper understanding and to present his or her thinking in a logical and concise manner. Doing so will also prepare students to better evaluate the journal articles they end up reading in order to prepare their research paper as well as honing their ability to read and analyse the case studies provided throughout the course. The ability to locate relevant material and analyse the results will also assist student in their endeavours following graduation.

Students may choose to hand in their critical analysis on any one of the six assigned seminar papers. Papers must be handed in at the beginning of the seminar in which the article will be discussed. If for instance, you are planning to analyse the first seminar paper that can only be handed in before the first seminar. There are no extensions. The last available date to hand in a seminar paper is before the last seminar. Please think carefully before waiting till the last seminar to hand in your paper. Please see the course handout for details as to how to critically analyse an article as well as what is required in writing up a critical analysis.

Research Paper

The research paper of no more than 2100 words is worth a maximum of 25 points. There are two topics to choose from. Students should think of this assignment in terms of writing a position paper for some intelligent decision maker (don't assume that your reader is a trained economist). This is a practical project which requires you to read widely in the professional literature, analysing the chosen topic and then reducing these discussion, arguments and debates to their essence. Your reader should be able to use your paper to get up to speed on the topic, in other words to understand what the key issues are. This paper will require extensive reading and thought. It should therefore be started as early as possible. Taking the assignment seriously will provide the diligent student with the fundamental research skills and the ability to present an argument clearly and concisely. Extensions are granted for only exceptional reasons. Requests must be made prior to the assignment due date and time. Ideally, students should plan to have their papers completed a week before the assigned due date to allow for unforeseeable circumstances. Late papers are penalised at a rate of three points for every day late. See the course handout for further discussion and all the essential details of this assignment.

Plagiarism

Neither the University nor your lecturer takes plagiarism lightly. The University defines plagiarism as "Plagiarism involves using the work of another person and presenting it as one's own." University thinking on this matter can be found at <http://www.student.mq.edu.au/plagiarism/>. The definition of plagiarism extends to the published and unpublished work of others. It also means that copying another student's work or having someone else do your work is considered to be plagiarism. All students are required to sign a plagiarism form, which appears in the course handout, before turning in either their seminar paper or their research paper. (Only use the provided form and cover sheets.) See course handout for further details. Note that turnitin software will be used to detect plagiarism in your research assignment. The program has proved to be very effective, making it rather reckless to try to use someone else's work without citing it. Remember, if there is the least bit of doubt, the best policy is to cite your source.

Final Examination

A final examination will be worth a maximum of 60 points. An exam remains the most reliable signal of your ability to apply the contractual framework developed in the course to actual case studies. Unless you can do so at a very basic level you will be unable to pass the final exam. The exam tests your understanding and not your ability to memorise. Memorised responses are easily detected and will not be acceptable as part of your answer. On the contrary, marks will be deducted for memorised answers. Since the aim of the course is to develop the ability to apply an economic framework, memorisation will provide no assistance in answering any of the exam questions. See your course handout for more detailed discussion of the nature of the questions that will be on the exam (the case studies) and the best approach to answering such questions.

Note:

Satisfactory performance is required in all of the three assessments of the course. For the two written assignments, satisfactory performance is defined as a combined total of more than 12/40 points. This is a very low hurdle to surmount. However, unless students achieve this minimal result, there will be no reason for a student to take the final exam. The student has

already failed the course and will be given a mark reflecting his or her performance on those two assignments alone. Students must also hand in both written assignments or failure of the course will be automatic. Further, it is almost impossible to pass the course without achieving a minimum of 50% of the points available (30/60) on the final exam. For students scoring below 50% there is some opportunity to gain a conceded pass depending on the student's question by question performance in the exam. Those students who clearly and irrevocably fail the exam will clearly fail the course and receive a final assessment that only reflects his or her performance on the final exam.

All students are given every consideration and benefit of the doubt when computing his or her final assessment. Those who fail the course have done so conclusively. A student's final grade is not an initial bargaining position. It reflects what a student has achieved in the course. Students need to take full responsibility for what they have accomplished in the course. See the course handout for greater details on the course requirements.

Consideration cases

Students who are too ill to take the scheduled final exam are entitled to apply for a supplementary. They in fact should stay home and get better. Details of how to apply for a supplementary are provided in the course handout. Students should also look at <http://www.reg.mq.edu.au/Forms/APSCons.pdf> for further enlightenment. Students who take the final exam and apply for consideration to take the supplementary exam are reminded that if a supplementary is granted then the original exam is discarded. In this case results cannot only go up but they also can drop compared to the student's original result. Past experience indicates that a student's results are much more likely to go down than to go up. See the course handout for greater details on these requirements.

Appeals

The procedure for appealing a student's final results are posted on the faculty's webpage as well as provided in the course handout.

Textbook

There is a required textbook and reader attached to the course. The text is:

Rickets, Martin (2002) *The Economics of Business Enterprise – third edition*. Cheltenham: Edward Elgar. The text is available at the Co-op Bookstore. There should also be numerous used copies. Those of a non-buying persuasion can find copies in the reserved section of the library.

Details concerning the course reader are provided in the course handout.

Lecture schedule

See the course handout for the lecture schedule, which includes the readings required prior to each lecture. The course handout also provides the schedule for the seminars and tutorials as well as their associated readings.