

**FACULTY OF LIBERAL ARTS AND PROFESSIONAL STUDIES
DEPARTMENT OF ECONOMICS**

ECONOMICS 3200M: INDUSTRIAL ORGANIZATION

WINTER 2021

All course material can be found for this course on eClass

PREREQUISITES: AP/ECON 1000 3.00 and AP/ECON 1010 3.00 or equivalents

INSTRUCTOR: Professor Lazar

Office: N205J, Seymour Schulich Building

Phone: 736-5068

Office Hours: By email or scheduled Zoom meeting

E-mail: flazar@yorku.ca

LECTURE TIME/LOCATION:

Time: Wednesdays 14:30-17:30

COURSE DESCRIPTION:

The primary focus of the course is to examine real-world competitive behaviour, and as a consequence, to highlight the theoretical limitations of traditional microeconomic theories. Not only will we study different market structures, but we also will consider how these structures develop and evolve over time with the resulting implications for competitive behaviour.

COURSE REQUIREMENTS:

Three tests – the first two tests will count for a maximum of 30% each of the total grade, and the final exam will count for 40% of the total grade. All the tests will be two hours in length. All three tests will require you to answer three of six questions.

The tests will be posted on eClass at 2:25PM the day of the test, and they will have to be submitted by email (flazar@yorku.ca) **no later than 4:40PM on that day. I will not accept any test that has been submitted after 4:40PM. All times are Toronto time zone.**

Only the final is mandatory. Students will have the following options:

- Write all three tests: Test 1(30% weight); Test 2 (30% weight); Final (40% weight)

- Write one of the first two tests and the final: Test 1 (40% weight); Final (60% weight)
- Write only the final: Final (100% weight).

The decisions are up to each student.

1. Test 1: February 10, beginning at 14:25 (30%)
2. Test 2: March 17, beginning at 14:25 (30%)
3. Final exam: Exam period in April (40%)

MISSED TESTS:

There will be no make-ups for the two midterm tests. If a student misses one or both of these tests, the weight for the test(s) will be distributed among the remaining test(s).

A deferred exam for the final exam will be granted **only for medical reasons**. In such cases students should submit a deferred exam application together with the supporting documents (attending physician's statement) to the Economics department to my attention. The date and time of the deferred exam will be set at a later date. Students who may require further extensions or accommodation will have to submit a formal petition to the Faculty.

TEXT: Lynne Pepall, Dan Richards, George Norman, *Industrial Organization*, 5th edition, Wiley – E-Textbook (available on Wiley.com, Amazon.ca and CourseSmart.com)

GRADING

The grading scheme for the course conforms to the 9-point grading system used in undergraduate programs at York (e.g., A+ = 9, A = 8, B+ = 7, C+ = 5, etc.). Tests will bear either a numeric grade out of 100%. (For a full description of York grading system see the York University Undergraduate Calendar - <http://calendars.registrar.yorku.ca/2010-2011/academic/index.htm>)

LECTURES:

All the lectures will be available online at the beginning of the term on eClass.

COURSE OUTLINE:

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Week	Topic	Chapters
1: January 13	Introduction, Competition Policy	1-3
2: January 20	Competition, markets, firms	
3: January 27	Firms, costs	4

4: February 3	Governance, perfect competition, monopoly	
February 10	TEST	
Reading week: February 17		
5: February 24	Monopoly, oligopoly	9, 10, 14, 22
6: March 3	Oligopoly, monopolistic competition	7, 12, 13
7: March 10	Mergers and acquisitions, information	11, 15, 16
March 17	TEST	
8: March 24	Strategic behavior, market segmentation	5, 6, 8
9: March 31	Price discrimination, vertical controls	5, 8, 17, 18
10: April 7	Advertising, technology, market clearing	19-21

Part 1: Introduction and Market Structures

- Basic models and issues
- Schumpeter and risk taking – competitive advantage
- Perfect competition
- Monopoly and cartels
- Oligopoly
- Monopolistic competition

Readings: chs. 1-4, 9-11

Part 2: Market Structures, Anti-Competitive Behavior, Firms and Costs

- Information
- Existence of Firms
- Costs and outsourcing
- Mergers

Readings: chs. 12-14, 15-16

Part 3: Business Strategies and Conduct

- Industry structure and performance
- Strategic behavior
- Price discrimination
- Vertical relationships
- Advertising and marketing in the Internet Age

Readings: chs. 5-8, 17-19

Part 4: Dynamic models

- Tipping points and networks
- Durable goods
- Innovation, technology and new business models – disruption
- Market clearing

Readings: chs. 20-22

IMPORTANT COURSE INFORMATION FOR STUDENTS

All students are expected to familiarize themselves with the following information, available on the Senate Committee on Academic Standards, Curriculum & Pedagogy webpage (see Reports, Initiatives, Documents) -

http://www.yorku.ca/secretariat/senate_cte_main_pages/ASCP.htm

<http://secretariat.info.yorku.ca/files/CourseInformationForStudentsAugust2012.pdf>

- Senate Policy on Academic Honesty and the Academic Integrity Website
- Ethics Review Process for research involving human participants
- Course requirement accommodation for students with disabilities, including physical, medical, systemic, learning and psychiatric disabilities
- Student Conduct Standards
- Religious Observance Accommodation

Course add/Drop Deadlines

- Last date to add a course without permission of instructor (see also Financial Deadlines) – January 25, 2021
- Last date to add a course with permission of instructor (see also Financial Deadlines) – February 8, 2021
- Latest date to drop a course without receiving a grade (see also Financial Deadlines) – March 12, 2021
- Course withdrawal period (withdraw from a course and receive a grade of “W” on transcript – see <http://secretariat-policies.info.yorku.ca/policies/withdrawn-from-course-w-policy-and-guidelines/>) -- March 14, 2020 – April 5, 2020