



ECON2216 Industrial Organization

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Lecture notes/Primary text:

Lecture notes for each class would be available for download about one week prior to class in Moodle. There are two documents for each lecture – the lecture note and the lecture slide. The contents of the two documents are identical. You only need one for studying and revision.

Reference:

1. *Industrial Organization: Theory and Practice* by Don E. Waldman and Elizabeth J. Jensen, 3rd edition, Addison Wesley. (WJ)
2. *Modern Industrial Organization* by Denis Carlton and Jeffrey Perloff, 4th edition, Harper Collins. (CP)
3. *Industrial Organization: Theory and Applications* by Oz Shy, MIT Press. (OS)

Assessment:

Bi-weekly Assignment	15%
Test	25%
Exam	60%

Test and Exam

Both the midterm test and the exam will be online – students shall submit their test and exam papers through Moodle. Students who fail to do so on the scheduled time and dates would be marked zero. Alternative arrangements would only be granted to students with sick leave certificates issued by medical doctors in Hong Kong. There will be NO make-up tests under any circumstances. A student who is excused from a test on medical grounds will have his/her final examination covering the weight of the test.

Problem sets and tutorials:

There will be weekly problem sets to help students better understand the materials, the solutions of which will be the subject matter of the weekly tutorial class. Out of the possibly eight to nine problem sets, four will be collected, graded, and counted towards 15% of the course grade. The submission is through Moodle.

Prerequisites:

ECON1001/1210 Introductory microeconomics, according to the *Regulations, Syllabus & Structure and List of Courses for the BEcon and BEcon&Fin programmes*.

However, some prior exposure to rigorous economic analysis acquired in *Intermediate Microeconomics* is highly desirable, if not altogether essential. Students without such prior exposure will almost perform poorly in this class

Besides, this course is a theory course and can be technical at times. Indeed, we will make use of mathematics (including *Calculus*) throughout. On the other hand, a mastery of mathematics is not enough for the student to score a high grade in the course. The exam questions almost always ask students to explain in words the economic mechanisms at work. A recitation of the formulas as answers may not receive even partial credits. In all, a lack of either decent quantitative or verbal skills can severely handicap a student's quest for a good grade in the course.

Course Description:

This course studies the pricing and output decisions of firms and the performance of the market under various market structures. Topics include theories of oligopoly; product differentiation; the effects of imperfect and asymmetric information; the examination of pricing practices such as price discrimination, tie-in selling, and resale price maintenance; collusion and anti-competitive behaviours, and public policies related to the promotion or restriction of competition.

Course Objectives:

1. To understand how firms interact with each other in markets.
2. To learn how markets may be efficient and inefficient.
3. To learn to evaluate what public policies will best preserve and enhance *competition* as a means to promote the free market to serve the public interest.

Alignment of faculty's overall goals and course intended learning objectives:

Course Learning Outcomes	Aligned Faculty Goals
CLO1. Be able to intelligently speculate the motives of real world pricing and other decisions of firms.	Goal# 1, 2, 3, 5, 6
CLO2. Be able to understand the causes and consequences of market failures.	Goal# 1, 2, 3, 5, 6
CLO3. Be able to form intelligent opinions on how anti-competition law may or may not improve market performance.	Goal# 1, 2, 3, 4, 5, 6
CLO4. Be ready for more advanced studies in Industrial Economics.	Goal# 2
Goal 1 - Acquisition and internalization of knowledge of the programme discipline Goal 2 - Application and integration of knowledge Goal 3 - Inculcating professionalism Goal 4 - Developing global outlook Goal 5 - Mastering communication skills Goal 6 - Cultivating leadership	

Course Teaching and Learning Activities (TLA):

Activities	Expected contact hours	Study load (% of study)
T&L1. Lecture	36	27
T&L2. Tutorial class	10	8
T&L3. Weekly problem set	30	23
T&L5. Readings and revisions	55	42
Total	131	100

Alignment Among Course Intended Learning Outcome and Teaching and Learning Activities

Learning Outcome	Teaching and learning activity (TLA)
CILO1	TLA1, TLA2, TLA3, TLA4, TLA5
CILO2	TLA1, TLA2, TLA3, TLA4, TLA5
CILO3	TLA1, TLA2, TLA3, TLA4, TLA5
CILO4	TLA1, TLA2, TLA3, TLA4, TLA5

Assessment Methods	Weight	Aligned Course Learning Outcomes
A1. Homework	15%	CLO1-4
A2. Test	25%	CLO1-4
A3. Exam	60%	CLO1-4

Standards for Assessment

Course Grade Descriptors		
Grade	Grade Definition	Description
A+, A, A-	High distinction	Strong evidence of superb ability to fulfill the intended learning outcomes of the course at all levels of learning: describe, apply, evaluate, and synthesis.
B+, B, B-	Distinction	Strong evidence of the ability to fulfill the intended learning outcomes of the course at all levels of learning: describe, apply, evaluate, and synthesis.
C+, C, C-	Credit pass	Evidence of adequate ability to fulfill the intended learning outcomes of the course at low levels of learning such as describe and apply but not at high levels of learning such as evaluate and synthesis
F	Fail	Little evidence of basic familiarity with the subject.

Assessment Rubrics for term paper, midterm test and final exam are the same as in course grade descriptors.

Academic Conduct

The University Regulations on academic dishonesty - behaviors in which a deliberately fraudulent misrepresentation is employed in an attempt to gain undeserved intellectual credit, either for oneself or for another will be strictly enforced. The Board of Examiners may impose a penalty in relation to the seriousness of the offence and may report the candidate to the Senate, where there is *prima facie* evidence of an intention to deceive and where sanctions beyond those imposed by the BoE might be invoked.

Class attendance

The university and I expect you to attend and pay attention in class on a regular basis. Students failing to do so inevitably perform poorly.