

Course Information Industrial Economics I - ECON 3001	
Course Code	ECON 3001
Course Title	Industrial Economics I
Course Discipline	Economics
Units of Credit	Three (3)
Pre-requisite	ECON 2000, ECON 2001 and ECON 2002
Level	Level III
Semester of Offering	Semester 1, 2011/12
Course Lecturer Office Address and Extension E-mail address Office Hours	Dr. Anne-Marie Mohammed Room 204, FSS, Ext.: 2631 Anne-Marie.Mohammed@sta.uwi.edu Tuesdays: 11:00-12:00 noon and Wednesdays: 9:00-10:00 a.m.

Course Description

ECON 3001 - *Industrial Economics I*, is one of the elective courses offered by the *Department of Economics*. It is a level III applied micro economics course that the Department offers as it seeks to further support students in their quest to understand and indeed to excel.

The course components will expose the students along three main paths:

1. The basics of Industrial Organization
2. Modern Industrial Organization: Game Theory
3. Strategic Behaviour and Business Practices.

Please feel free to consult with me during the semester as any course problems/issues arise. **Students are also encouraged to visit me during office hours (Mondays: 4:00-5:00 p.m. and Thursdays: 12:00 – 1:00 p.m.) to discuss various issues and concerns.** Alternatively, the secretariat in the Economics Department Office (Room 203) will be pleased to arrange a special appointment if necessary.

Goals

This course aims to teach students how:

1. to apply the various tools and methods of micro and macro economic theory that was taught to them at Levels I and II to the industry.
2. to place the industrial economics taught in the Caribbean context.

Learning Objectives

Upon completion of this course students will be able to demonstrate the ability to gain an insight into firm behavior and public policy issues such as anti-trust, regulations, regulatory reform and game theory. Exposure to the theory and empirical work in industrial organization will give them an appreciation of the importance of case studies in expanding their knowledge of the field. Specifically, at the end of the course students will be able to:

- Distinguish between different categories of economic organizations and examine their strategic behaviour and business practices;
- Examine and analyse the use of Game theory in current firm behaviour/practice; and
- Develop a plan for solving a given problem in an industry using the relevant theories taught.

Course Delivery

Course Outline	Please download a copy of the course outline by logging onto the Departmental website at: http://sta.uwi.edu/fss/economics/AcademicYear2010-11.asp
Teaching Methodology	Two (2) hours Lecture Sessions weekly (Using Power Point Slide Presentations). Lecture sessions will involve student participation this means that there will be open discussions (answer and question) and in-class group work in certain topics.
Tutorials	One (1) hour Tutorial Session weekly.

Policies to Note

Students are being reminded of the following University Regulations:

Examination Regulations for First Degrees, Associate Degrees, Diplomas and Certificates including GPA Regulations

Cheating

97. (i) *Cheating shall constitute a major offence under these regulations.*

(ii) *Cheating is any attempt to benefit one's self or another by deceit or fraud.*

(iii) *Plagiarism is a form of cheating*

(iv) *Plagiarism is the unauthorized and/ or unacknowledged use of another person's intellectual effort and creations howsoever recorded, including whether formally published or in manuscript or in typescript or other printed or electronically presented form and includes taking passages, ideas or*

structures from another work or author without proper and unequivocal attribution of such source(s), using the conventions for attributions or citing used in this University.

103. (i) *If any candidate is suspected of cheating, or attempting to cheat, the circumstances shall be reported in writing to the Campus Registrar. The Campus Registrar shall refer the matter to the Chairman of the Campus Committee on Examinations. If the Chairman so decides, the Committee shall invite the candidate for an interview and shall conduct an investigation. If the candidate is found guilty of cheating or attempting to cheat, the Committee shall disqualify the candidate from the examination in the course concerned, and may also disqualify him/her from all examinations taken in that examination session; and may also disqualify him/her from all further examinations of the University, for any period of time, and may impose a fine not exceeding Bds\$300.00 or J\$5000.00 or TT\$900.00 or US\$150.00 (according to campus). If the candidate fails to attend and does not offer a satisfactory excuse prior to the hearing, the Committee may hear the case in the candidate's absence.*

Student Participation in Planned Departmental activities for 2011/12

1. Attendance at the Post National Budget Forum 2011, students are advised to check the Departmental Website (<http://sta.uwi.edu/fss/economics/index.asp>) after the presentation of the National Budget for 2011/12 in the Parliament.
2. Attendance at the Conference on the Economy (COTE2010) on October 06 – 07, 2011, Venue: LRC Lecture Theatres A, B and C.

Schedule of assessments

Assessment Item	Weighting	Opening date of Assignment	Closing date for Assignment
Multiple Choice Questions	10%	Date to be announced	
Structured Essay Questions	15%	Date to be announced	
Final 2 hour Exam	75%	Date to be announced(The examination will consist of 5 questions to do 3)	

Course Units, Description and Recommended Readings

Unit No. and Date of Lecture	Unit Name, Description, Recommended Readings and Unit Objectives
07/09/2011	Welcome and Orientation (Introduces the student to the course)
Unit 1 14/09/2011	<p><u>INTRODUCTION TO INDUSTRIAL ORGANIZATION:</u></p> <ul style="list-style-type: none"> - The Modern Corporation – Organization and Governance - Industrial Organization – A Historical Perspective - Theoretical Approaches – An Introduction - An overview of the world today and the development of industry and productive development policies/industrial policies - Caribbean Industrial Organization – A Profile <p>Recommended Readings:</p> <p>Don Waldman and Elizabeth Jensen, <i>Industrial Organization</i>, 3rd Ed. Chapters: 1,3; Chapter 2</p> <p>Alfred Chandler, “Organizational Capabilities and the Economic History of the Industrial Enterprise” <i>Journal of Economic Perspectives</i>, Summer 1992, pp.79-100.</p> <p>Business Week, August 22/29 Special Double Issue on India and China</p> <p>Anne-Marie Mohammed, Sandra Sookram and Ramiro Moya “Productive Development Policies in Trinidad and Tobago: A Critical Review”</p> <p><i>IDB Working Papers Series No. IDB-WP-115</i></p> <p>At the end of this topic the student will be able to explain the origins of Industrial Organization from inception to present day. They will also be able to locate the theory of industrial organization to the Caribbean scenario.</p>
Unit 2 21/09/2011 and 28/09/2011	<p><u>INDUSTRIAL ORGANIZATION – KEY ISSUES AND THE TRADITIONAL THEORY</u></p> <ul style="list-style-type: none"> - The S.C.P. Paradigm - Market Structure / Elements of Market Structure; - Concentration - Barriers to Entry/Exit; Contestable Markets - Economies of Scale and Scope - Vertical and Horizontal Integration; Diversification <p>Recommended Readings:</p> <p>Don Waldman and Elizabeth Jensen, <i>Industrial Organization</i> 3rd ed., Chapters 4-5; pp.379-384; Chapters: 15-17;</p> <p>At the end of this topic the student will be able to compare and contrast the various issues covered in terms of industry.</p>

	<p>Students are invited to attend COTE 2011.</p>
<p>Unit 3</p> <p>12/10/2011 and 19/10/2011</p>	<p><u>INDUSTRIAL ORGANIZATION – FIRM CONDUCT AND THE INTERACTION OF FIRMS</u></p> <ul style="list-style-type: none"> - Oligopoly Theory and Modern Game Theory - Coordination, Alliances, Collusion and Cartel Theory - Product Differentiation - Pricing - Patents, Licensing and the use of Technology <p>Recommended Readings:</p> <p>Don Waldman and Elizabeth Jensen, <i>Industrial Organization</i> 3rd Ed., Chapters: .6-12; 14;13 Eric Rasmussen, Games and Information, 3rd ed. Chapters: 1-4 Michael Marn Eric Roegner, Craig Zawada, <i>The Price Advantage</i>, Chapters: 2, 6, 12-13</p> <p>At the end of this topic the student will be able to question why firms behave the way they do and explain how they are able to do so utilizing the various theories introduced.</p>
<p>Unit 4</p> <p>26/10/2011 and 02/11/2011</p>	<p><u>BUSINESS STRATEGY AND THE DYNAMICS OF INDUSTRIAL ORGANIZATION</u></p> <ul style="list-style-type: none"> - Economic Theory and Business Strategy - Competitive Advantage - Technology and the Business System - The impact of the Internet and e-commerce <p>Recommended Readings:</p> <p>Michael Porter, Competitive Advantage, Chapters: 1 - 2 Orit Gadiesh & James Gilbert, “Profit Pools: A Fresh Look at Strategy” <i>Harvard Business Review</i>. May-June 1998 G. Day and D. Reibstein, Wharton on Dynamic Competitive Strategy, Chapters: 1,5,6,10 Trevor Farrell “How Market Leaders lose their positions – Seven Lessons of Experience” mimeo, 2002 Glenn Ellison and Sara Fisher Ellison, “Lessons about markets from the Internet” <i>The Journal of Economic Perspectives</i>, Spring 2005</p> <p>At the end of the topic the student will be able to appraise the dynamics of business strategy and its impact both in the North Atlantic and in the Caribbean.</p>
<p>Unit 5</p> <p>09/11/2010</p>	<p><u>MERGERS, ACQUISITIONS AND INTER-CORPORATE LINKAGES</u></p> <ul style="list-style-type: none"> - Mergers and Acquisitions - Joint Ventures - Strategic Alliances and - Other Inter-corporate Linkages – An Introduction <p>Recommended Readings:</p> <p>P. Gaughan, Mergers, Acquisitions and Corporate Restructurings, Chapters: 1, 4, 10 James Bamford, David Ernst & David Fubini, “Launching a World Class Joint Venture”</p>

	<p><i>Harvard Business Review</i>, February 2004. John Conlon and Melissa Giovagnoli, THE POWER OF TWO, Chapters: 1-3</p> <p>At the end of this topic the student will be able to evaluate if there is a need for mergers and acquisitions. Also the student will be able to explain about inter-corporate linkages.</p>
<p>Unit 6</p> <p>16/11/2011 and 23/11/2011</p>	<p><u>PUBLIC POLICY AND REGULATORY ISSUES – AN INTRODUCTION</u></p> <ul style="list-style-type: none"> - Regulation - De-Regulation - Regulatory Reforms <p>Recommended Readings:</p> <p>Don Waldman and Elizabeth Jensen, Industrial Organization 3rd ed., pp.569-582; Chapters: 19-20.</p> <p>Anne-Marie Mohammed and Eric Strobl, “Good Governance and Growth in Developing Countries: A Case Study of Regulatory Reforms in the Telecommunications Industry” <i>Journal of Industry, Competition and Trade</i>. Vol. 11, No. 1, March 2011.</p> <p>At the end of this topic the student will be able to compare and contrast the issues surrounding regulation and de-regulation. The student will also be able to justify the need for regulatory reform particularly it pertains to Caribbean countries.</p>

September 2011