

**City University of Hong Kong  
Course Syllabus**

**offered by Department of Economics and Finance  
with effect from Semester A 2017/18**

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**Part I Course Overview**

<b>Course Title:</b>	<b>Industrial Organization</b>
<b>Course Code:</b>	<b>EF4480</b>
<b>Course Duration:</b>	<b>1 Semester</b>
<b>Credit Units:</b>	<b>3</b>
<b>Level:</b>	<b>B4</b>
<b>Proposed Area:</b> <i>(for GE courses only)</i>	<input type="checkbox"/> Arts and Humanities <input type="checkbox"/> Study of Societies, Social and Business Organisations <input type="checkbox"/> Science and Technology
<b>Medium of Instruction:</b>	<b>English</b>
<b>Medium of Assessment:</b>	<b>English</b> <b>Either of the following</b> <b>EF3440 Microeconomics for Business Strategy</b> <b>EF3442 Intermediate Microeconomics</b>
<b>Prerequisites:</b> <i>(Course Code and Title)</i>	<i>Students who plan to take this course are recommended to take EF3442 instead of EF3440.</i>
<b>Precursors:</b> <i>(Course Code and Title)</i>	<b>Nil</b>
<b>Equivalent Courses:</b> <i>(Course Code and Title)</i>	<b>Nil</b>
<b>Exclusive Courses:</b> <i>(Course Code and Title)</i>	<b>Nil</b>

## Part II Course Details

### 1. Abstract

This course aims to introduce the basic tools of game theoretic analysis and microeconomic principles that are useful to study how firms compete with each other in markets and industries; and survey important topics in industrial organization, such as price discrimination, advertising strategy, research and development, collusion, and government regulation.

The course also encourages discovery learning in that students use game theoretic analysis and microeconomic principles to analyze topics related to industrial organization in real-life contexts.

The project presentation and examinations will reflect their accomplishment in discovery and innovation.

### 2. Course Intended Learning Outcomes (CILOs)

(CILOs state what the student is expected to be able to do at the end of the course according to a given standard of performance.)

No.	CILOs <sup>#</sup>	Weighting* (if applicable)	Discovery-enriched curriculum related learning outcomes (please tick where appropriate)		
			A1	A2	A3
1.	Analyze basic concepts and important issues in industrial organization;		√	√	√
2.	Apply basic game-theoretic analysis and microeconomic principles to analyze market structure, business practices and government regulation of firms and industries;		√	√	√
3.	Identify market structure and business environment for a firm and formulate strategies to achieve best performance;		√	√	√
4.	Analyze the consequences of various government policies that regulate firms and industries.		√	√	√

\* If weighting is assigned to CILOs, they should add up to 100%.

100%

<sup>#</sup> Please specify the alignment of CILOs to the Gateway Education Programme Intended Learning outcomes (PILOs) in Section A of Annex.

A1: Attitude

Develop an attitude of discovery/innovation/creativity, as demonstrated by students possessing a strong sense of curiosity, asking questions actively, challenging assumptions or engaging in inquiry together with teachers.

A2: Ability

Develop the ability/skill needed to discover/innovate/create, as demonstrated by students possessing critical thinking skills to assess ideas, acquiring research skills, synthesizing knowledge across disciplines or applying academic knowledge to self-life problems.

A3: Accomplishments

Demonstrate accomplishment of discovery/innovation/creativity through producing /constructing creative works/new artefacts, effective solutions to real-life problems or new processes.

### 3. Teaching and Learning Activities (TLAs)

(TLAs designed to facilitate students' achievement of the CILOs.)

TLA	Brief Description	CILO No.				Hours/week (if applicable)
		1	2	3	4	
Lectures	The lectures introduce fundamental concepts to students and encourage them to think critically and logically, with the goal to guide students to develop their ability to solve new problems by themselves.	√	√	√	√	3 hours/week
Discussion of Case Studies	Case studies will be discussed in the lectures. Students will be encouraged to apply economic principles and basic theories to analyse specific industry problems and business practices.		√	√	√	weeks 10-13; incorporated in lectures
Group Projects	Students will be asked to form small groups of 3-5 people to prepare a 10-page report on a case study as well as a 15-minute presentation in class. The case study can focus on either an industry or a specific firm. Each presentation will be followed by a brief Q&A session led by the instructor.	√	√	√	√	student work

### 4. Assessment Tasks/Activities (ATs)

(ATs are designed to assess how well the students achieve the CILOs.)

Assessment Tasks/Activities	CILO No.				Weighting*	Remarks
	1	2	3	4		
Continuous Assessment: 40%						
Group Projects	√	√	√	√	30%	
Class Participation	√	√	√	√	10%	including performance in classroom case discussion and experiments
Examination: 60% (duration: 3 hours, if applicable)						
Final Exam	√	√	√	√	60%	
					100%	

\* The weightings should add up to 100%.

## 5. Assessment Rubrics

*(Grading of student achievements is based on student performance in assessment tasks/activities with the following rubrics.)*

Assessment Task	Criterion	Excellent (A+, A, A-)	Good (B+, B, B-)	Fair (C+, C, C-)	Marginal (D)	Failure (F)
Final Examination	Ability to apply the concepts, models, and techniques studied in class to analyze various economic and business problems.	High	Significant	Moderate	Basic	Not even reaching marginal levels
Group Projects	Ability to apply the concepts, models, and techniques studied in class to analyze various economic and business problems.	High	Significant	Moderate	Basic	Not even reaching marginal levels
Class Participation	Attitude and performance in classroom case discussion.	High	Significant	Moderate	Basic	Not even reaching marginal levels

**Part III Other Information** (more details can be provided separately in the teaching plan)

**1. Keyword Syllabus**

Part I. Introduction and Theory

1. Overview
2. The Firm and Costs

Part II. Market Structures

3. Competition
4. Monopolies, Monopsonies, and Dominant Firms
5. Cartels
6. Oligopoly
7. Product Differentiation and Monopolistic Competition
8. Industry Structure and Performance

Part III. Business Practices: Strategies and Conduct

9. Price Discrimination
10. Advanced Topics in Pricing
11. Strategic Behaviour
12. Vertical Integration and Vertical Restrictions

Part IV. Information, Advertising and Disclosure

13. Information
14. Advertising and Disclosure

Part V. Dynamic Models and Market Clearing

15. Decision Making Over Time: Durability
16. Patents and Technological Change
17. How Markets Clear: Theory and Facts

Part VI. Government Policies and Their Effects

18. International Trade
19. Antitrust Law and Policy
20. Regulation and Deregulation

**2. Reading List**

**2.1 Compulsory Readings**

*(Compulsory readings can include books, book chapters, or journal/magazine articles. There are also collections of e-books, e-journals available from the CityU Library.)*

1.	Lynn Pepall, Dan Richards and George Norman, <u>Industrial Organization: Contemporary Theory and Empirical Applications</u> , Wiley-Blackwell, current edition.
2.	Dennis W. Carlton and Jeffrey M. Perloff, <u>Modern Industrial Organization</u> , Prentice Hall, current edition.
3.	Luis Cabral, <u>Introduction to Industrial Organization</u> , MIT Press, current edition.

**2.2 Additional Readings**

*(Additional references for students to learn to expand their knowledge about the subject.)*

<b>Online Resources</b>	
1.	Useful links for I.O. students, teachers and researchers: <a href="http://luiscabral.org/iio/links">http://luiscabral.org/iio/links</a>
2.	Modern Industrial Organization by Carlton and Perloff: <a href="http://wps.aw.com/aw_carltonper_modernio_4/21/5566/1424930.cw/index.html">http://wps.aw.com/aw_carltonper_modernio_4/21/5566/1424930.cw/index.html</a>