

Course Title	:	Industrial Economics and Competition Policy
Course Code	:	ECO4316
Recommended Study Year	:	3 and 4
No. of Credits/Term	:	3
Mode of Tuition	:	Sectional Approach
Class Contact Hours	:	3 hours per week
Category in Major Prog.	:	Major of Economics (Elective Course)
Discipline	:	Economics
Prerequisite(s)	:	(a) ECO2101 Introduction to Economics, or (b) Level 3 or above in HKDSE Economics, or (c) BUS2105 Microeconomics for Business
Co-requisite(s)	:	N/A
Exclusion(s)	:	N/A
Exemption	:	N/A
Requirement(s)		

Objectives

This course provides the students with (1) a good understanding of how economists analyze competitive strategies of business firms; and (2) the basic knowledge about competition policy adopted to promote competition, innovation and economic efficiency, as well as to safeguard consumer interests.

Prerequisite(s): a) ECO2101 Introduction to Economics, or (b) BUS2105 Microeconomics for Business and BUS2108 Global Business Environment

Learning Outcomes:

Upon completion of this course, students are expected to be able to

1. Understand the best concepts, methodology, and theories in industrial economics;
2. Use industrial economics to understand observed firm competitive strategy, innovation, and industry dynamics in real-life situations;
3. Understand the main rationales for and the roles of competition policy; and
4. Participate in meaningful discussions about the public policies toward competition and consumer welfare.

Assessment:

Continuous Assessment

Mid-term test	30%
Group project	20%
Final Examination	50%
Total	100%

Measurement of Learning Outcomes

1. A mid-term test will be used to assess students' comprehension and understanding of the course

materials. (LO1, LO2, LO3, LO4)

2. Working on a group basis, students are required to do a research project. Students need to provide economic analysis using the methodology, approaches and techniques developed in this course. Their research output will be presented in tutorial sessions. (LO1, LO2, LO3)
3. A final exam covering all the taught topics will measure students' overall understanding and synthesis of knowledge and application in industrial economics and the related policy. (LO1, LO2, LO3, LO4)

Indicative Content:

Microeconomics Foundation

- Consumers and firms
- Competition, Equilibrium, and Efficiency
- Price Discrimination

Oligopoly

- Games and Strategies
- Oligopoly
- Collusion and Price Wars

Entry and Market Structure

- Market Structure
- Horizontal mergers
- Market Foreclosure

Non-price Strategies

- Vertical Relations
- Product Differentiation
- Innovation
- Networks

Competition Policy

- What is Competition Policy?
- What it Covers?
- What is the need for Competition Policy?
- Recent antitrust cases

Textbook:

Cabral, Luis M. B, Introduction to Industrial Organization, 2nd edition, MIT presss, 2017

Supplementary Readings:

Kwoka, John E. Jr. and Lawrence J. White, The Antitrust Revolution: Economics, Competition, and Policy, Seventh Edition, New York: Oxford University Press, 2018.

Assessment Rubrics:

1. Rubrics for Mid-term test (30%)

Criteria	Excellent (25-30 marks)	Good (19-24 marks) -	Fair (13-18 marks)	Pass (7-12 marks)	Failure (0-6 marks)
Master the basic concepts, methodology and theories of modern industrial economics (10%)	Able to demonstrate a thorough understanding of the basic concepts, methodology, and theories.	Able to demonstrate a good understanding of the basic concepts, methodology and theories.	Able to demonstrate a fair understanding of the basic concepts, methodology and theories.	Able to demonstrate a basic understanding of basic concepts, methodology and theories..	Unable to demonstrate little understanding of the basic concepts, methodology and theories
Ability to apply concepts from industrial economics to analyse observed firm competitive strategy, innovation, and industry dynamics. (10%)	Always able to apply concepts from industrial economics to analyse observed firm competitive strategy, innovation, and industry dynamics.	Usually able to apply concepts from industrial economics to analyse observed firm competitive strategy, innovation, and industry dynamics.	Able to apply concepts from industrial economics to analyse observed firm competitive strategy, innovation, and industry dynamics.	Sometimes able to apply concepts from industrial economics to analyse observed firm competitive strategy, innovation, and industry dynamics.	Fail to apply concepts from industrial economics to analyse observed firm competitive strategy, innovation, and industry dynamics.
Explain the rationales for and roles of public policy in the market place (10%)	Always able to explain the rationales for and roles of public policy in the market place	Able to demonstrate a good understanding of the rationales for and roles of public policy in the market place	Able to demonstrate a fair understanding of the rationales for and roles of public policy in the market place	Able to demonstrate a basic understanding of the rationales for and roles of public policy in the market place	Fail to show any understand of the rationales for and roles of competition policy.

2. Rubrics for group project (20%)

Criteria	Excellent- (17-20 marks)	Good (13-16 marks)	Fair (9-12 marks)	Pass (5-8 marks)	Failure (0-4 marks)
Content (10%)	Shows excellent grasp of the topics; incorporates ample relevant and useful information from reliable external sources.	Shows good grasp of the topics; incorporates relevant information from some external sources.	Shows fair grasp of the topics; incorporates relevant information from some external sources.	Shows acceptable grasp of the topics; includes some relevant information from reliable external sources.	Shows little or no grasp of the topics; includes little or no relevant information from reliable external sources.
Organization (5%)	Presents materials in a logical and appealing way that is easy to understand.	Presents materials in a generally logical way that is understandable.	Presents materials in a fairly logical way that is understandable.	Presents materials in a way that is not easy to understand.	Presents materials in an illogical way that is hard to understand.

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Clarity of exposition (5%)	The writing or presentation is excellent with no glaring errors of spelling, usage, or grammar.	The quality of writing or presentation is good with few, though noticeable, errors in usage,	The quality of writing or presentation is fair with few, though noticeable, errors in usage,	There are frequent language errors in usage, spelling, and/or grammar.	There are frequent language errors
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3. Rubrics for final exam (50%)

Criteria	Excellent (41-50 marks)	Good (31-40 marks)	Fair (21-30 marks)	Pass (11-20 marks)	Failure (0-10 marks)
Master the basic concepts, methodology and theories of modern industrial economics (20%)	Able to demonstrate a thorough understanding of the basic concepts, methodology, and theories.	Able to demonstrate a good understanding of the basic concepts, methodology and theories.	Able to demonstrate a fair understanding of the basic concepts, methodology and theories.	Able to demonstrate a basic understanding of basic concepts, methodology and theories..	Unable to demonstrate little understanding of the basic concepts, methodology and theories
Ability to apply concepts from industrial economics to analyse observed firm competitive strategy, innovation, and industry dynamics. (20%)	Always able to apply concepts from industrial economics to analyse observed firm competitive strategy, innovation, and industry dynamics.	Usually able to apply concepts from industrial economics to analyse observed firm competitive strategy, innovation, and industry dynamics.	Able to apply concepts from industrial economics to analyse observed firm competitive strategy, innovation, and industry dynamics.	Sometimes able to apply concepts from industrial economics to analyse observed firm competitive strategy, innovation, and industry dynamics.	Fail to apply concepts from industrial economics to analyse observed firm competitive strategy, innovation, and industry dynamics.
Explain the rationales for and roles of public policy in the market place (10%)	Always able to explain the rationales for and roles of public policy in the market place	Able to demonstrate a good understanding of the rationales for and roles of public policy in the market place	Able to demonstrate a fair understanding of the rationales for and roles of public policy in the market place	Able to demonstrate a basic understanding of the rationales for and roles of public policy in the market place	Fail to show any understand of the rationales for and roles of competition policy.

Important Notes:

(1) Students are expected to spend a total of 6 hours (i.e. 3 hours of class contact and 3 hours of personal study) per week to achieve the course learning outcomes.

(2) Students shall be aware of the University regulations about dishonest practice in course work, tests and examinations, and the possible consequences as stipulated in the Regulations Governing University Examinations. In particular, plagiarism, being a kind of dishonest practice, is “the presentation of another person’s work without proper acknowledgement of the source, including exact phrases, or summarised ideas, or even footnotes/citations, whether protected by copyright or not, as the student’s own work”. Students are required to strictly follow university regulations governing academic integrity and honesty.

(3) Students are required to submit writing assignment(s) using Turnitin. To enhance students' understanding of plagiarism, a mini-course "Online Tutorial on Plagiarism Awareness" is available on <https://pla.ln.edu.hk/>.