



DEPARTMENT OF ECONOMICS

**ECON 507:**  
**Industrial organization & competition policy in the digital age**  
**&**  
**Topics in Labour Economics: Labour Markets and Externalities**

Semester 2 (20 points), 2025

**Section 1 (weeks 1-7):**

**Industrial organization and competition policy in the digital age**

**Lecturer**

Peter Gibbard

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Office hours: Tuesday 2-3 or email to make an appointment

**Learning aims and objectives**

A principal responsibility of the New Zealand Commerce Commission (NZCC) is to implement competition policy, which aims to protect and foster competition in the New Zealand economy. Section 1 of ECON507 will provide students with economic models to analyse some of the key concepts used by a competition authority such as the NZCC, including 'market power', 'barriers to entry', 'the abuse of market power' and 'harm to competition'. The past few decades have seen the growth of large digital platforms, such as Google and Facebook, which are now among the largest businesses globally. Such businesses have created new challenges for competition policy, including how to assess their market power and the barriers to entry in such markets. This course will introduce some of the concepts used to analyse such businesses, including the recent literature on 'network effects' and 'two-sided platforms'. In summary, the objectives of Section 1 of ECON507 are threefold: (1) to enable students to apply basic models of imperfect competition – such as Bertrand, Cournot and Stackelberg models – to analyse real-world problems; (2) to provide students with an understanding of some key issues in competition policy; and (3) to introduce students to recent debates about the challenges to competition policy arising from the growth of large digital platforms, such as Google and Facebook.

## **Assessment for Section 1**

Attendance in lectures is mandatory, as is student participation in discussions. Student participation will be 10% of your grade. 5% of this 10% will derive from a class discussion in Week 4 on key legal cases involving digital platforms.

### *Presentation (20% of your grade)*

You will be required to provide a presentation of a research article. This will require you to understand and critically evaluate a research paper concerning industrial organization, and to present it clearly to the class.

### *Assignment (20% of your grade)*

You will be required to complete an assignment for Section 2 of ECON 507. This assignment will ask you to solve, understand and critically evaluate economic models of imperfect competition. They will require you to engage with the kind of economic analysis of real-world competition issues that you might produce if you were working for the NZCC or an economic consultancy.

## **Readings**

The main textbook is:

Belleflamme, Paul and Martin Peitz (2015), *Industrial Organization: Markets and Strategies*, 2nd ed., Cambridge University Press.

The course will also draw on material from:

Peter Gibbard (2025), "Journalism in the digital age: Falls in newspaper quality and policy responses", *Scottish Journal of Political Economy*.

<https://doi.org/10.1111/sjpe.70003>

## **Section 2 (Weeks 8-13):**

### **Topics in Labour Economics: Labour Markets and Externalities**

#### ***Lecturer and Course-coordinator***

Suchita Srinivasan

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Office hours- Wednesdays 3 to 5 pm. Feel free to also send questions via email, or to fix an alternative time to meet.

#### ***Learning aims and objectives***

The objectives of this section of ECON507 are fourfold: firstly, to learn about the applications of the most commonly used empirical methodologies in economics: secondly, to familiarise yourselves with a burgeoning research field within labour economics and environmental economics that studies the impact of air pollution and climate change on labour markets: thirdly, to learn how to read empirical research in economics, as well as present and discuss them fruitfully: and lastly, to prepare a short research proposal that clearly identifies an

interesting research question and helps you formulate a research idea, with the potential of exploring it in a future research paper.

This course follows a seminar-style format, and everyone is expected to actively participate in class discussions.

It is helpful if you have taken other courses in statistics and econometric, although I will discuss some of the main methods that we will be going through together in the application at the beginning of the course. I can also provide additional lecture notes/reading material in case you need help with this part.

### **Assessment for Section 2**

The assessment for Section 2 is based on three components- a 15-20 minute presentation of a research paper (20% of the grade), regular attendance and participation in class as well as in the discussion when other students present (10% of the grade), and preparing a short (4-6 page) proposal for a potential research project that contributes to the lines of literature that we will discuss in this class (20% of the grade). If time permits, you can also present your research ideas to the class and receive feedback from your classmates and from me.

#### Presentation (20% of the grade)

You will be assigned a paper to present during the lecture on a topic that we will be covering together from **weeks 10-12** in class. The paper assignment will be done in the first week. The presentation should be about 15-20 minutes long, and it should have the following structure:

- Introduction: motivation for the paper and main research questions that the author(s) address. A brief review of the literature from the paper is also helpful, if you feel its important.
- Description of the data
- Empirical methodology
- Main results of the study
- Conclusion and policy implications

During your presentations, it is important to highlight the strengths and weaknesses of the study, and to critique the paper in terms of the data used, the methodology, the policy implications that the authors draw from it, or even the research questions that they address, whenever possible. This doesn't mean that it will always be easy to critique these studies, they are well-published papers that have made important contributions to the literature. In these cases, you can also mention strengths of the paper, or ways in which you feel that the authors could have substantiated their work.

#### Discussion and Class Participation (10%)

After each presentation, we will have a 10-minute discussion of the presentation and the paper as a class. You will be expected to contribute to these discussions, by providing your feedback on the paper that was presented, and on interesting points that are raised by the presenter. For this reason, attendance also counts towards this grade. It helps if you have skimmed through the paper being presented beforehand, it is then easier to participate in these discussions.

#### Research Proposal (20%)

You will need to write a short research proposal, that you need to submit to me (either on Blackboard, or a physical printout) by the **14<sup>th</sup> of October 2025**. The proposal should describe a research project that is broadly based on the literature that we go through in class. You need to identify one research question that would be interesting for you to study empirically, if you were to do a research project. The proposal should be written using a 12-point font, and should be 4-6 pages long, excluding references. The research proposal should include the following elements:

1. Introduction- what is the motivation for your research, and what research question(s) are you looking to answer? Why is this interesting (to academicians, policymakers, society in general)?
2. Brief review of the literature- where does the economic literature currently stand on the research question that you want to answer?
3. Data- look around a bit for possible data sources that you could use to answer your research questions and mention some details about them. How would they be helpful? Do you see any limitations with the data that is available, and if yes, how could you think about addressing it?
4. Hypotheses- what are the hypotheses that you would like to test, using this data?
5. Empirical methodology- what kind of empirical approach would you use to answer the research question? Include an equation of an econometric model. What are the possible strengths and limitations of using this approach? Can you address any of the limitations in some way?
6. Possible learnings from this study/policy implications- how do you think this research, if it fructified, would make an important contribution to the literature? What research gaps can you fill (if any)? How might your findings be interesting for governments or policymakers?

### **Readings**

We will mostly go through papers in this half of the course, that I will upload on Blackboard along with lecture slides. As general reading on applied econometrics, and for those who are interested in learning more on empirical methods of causal inference, I recommend the following two textbooks (which I will also refer to for the econometrics review part):

Angrist, Joshua D., and Jörn-Steffen Pischke. *Mastering 'metrics: The path from cause to effect*. Princeton university press, 2014.

Angrist, Joshua D., and Jörn-Steffen Pischke. *Mostly harmless econometrics: An empiricist's companion*. Princeton University Press, 2009.

## Assessment for the course

Assignment	20%	(Peter)
Presentation	20%	(Peter)
Class participation	10%	(Peter)
Presentation	20%	(Suchita)
Research Proposal	20%	(Suchita)
Class participation	10%	(Suchita)

Plussage does not apply. Dates and details to be advised in class.

## Learning Outcomes for the course

Students who successfully complete this paper will be able to:

1. Demonstrate an understanding of and an ability to analyse the economic theories and models relevant to the Special Topic
2. Demonstrate an understanding of and an ability to interpret the empirical research models relevant to the Special Topic
3. Summarise and critique the current literature relating to the Special Topic and explain the place of theoretical models and/or empirical research in that literature using written English.

## Course schedule

Wk	Begins	Topic	Reading	Assessment	Lecturer
1	14 Jul	Core models of imperfect competition	BP, Ch.3		Peter
2	21 Jul	Direct network effects	BP, Ch.20		Peter
3	28 Jul	Indirect network effects	BP, Ch.22.3		Peter
4	4 Aug	Media and the rise of digital platforms	Gibbard (2025)	Class discussion of digital platform legal cases	Peter
5	11 Aug	Horizontal mergers	BP, Ch.15		Peter
6	18 Aug	Consumer search	BP, Ch.7		Peter
7	25 Aug	Presentations		Student presentations	Peter
	1 Sep	Mid-semester break		Assignment due 1 September	
8	8 Sep	Introduction and Econometrics Review	Angrist and Pischke (2009, 2014)		Suchita
9	15 Sep	Econometrics Review	Angrist and Pischke (2009, 2014)		Suchita
10	22 Sep	Avoidance Behaviour and Labor Supply	Papers on reading list	Student presentations	Suchita
11	29 Sep	Labor Productivity and Human Capital	Papers on reading list	Student presentations	Suchita
12	6 Oct	Labor Demand and Wages/Earnings	Papers on reading list	Student presentations	Suchita
13	13 Oct	Life Expectancy and New Avenues of Research	Papers on reading list	Research Proposal: due on 14 <sup>th</sup> October	Suchita