



DEPARTMENT OF ECONOMICS

**ECON 407:
Industrial organization and competition policy in the digital age
&
Landmarks in Experimental Economics**

Semester 2 (20 points), 2022

Section 1 (weeks 1-7)

Lecturer and course co-ordinator

Peter Gibbard

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Office hours: Wednesday, 4-5 and Thursday 12-1. If you are unable to meet me then, feel free to ask questions via email, or to arrange an alternative time to meet.

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 ECON 407 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 companies in the world. 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 ECON 407 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. Attendance in lectures is mandatory, as is student participation in discussions.

Assignments

You will be required to complete two assignments for Section 1 of ECON 407. These assignments will ask you to solve 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.

Readings will also be assigned from the following text:

Viscusi, W. Kip, Joseph Harrington and David Sappington (2018), *Economics of Regulation and Antitrust*, 5th ed., MIT Press.

Section 2 (weeks 8-13)

Lecturer

Daniel Neururer

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Office hours: I have an open-door policy; Wednesday and Thursday immediately after the lectures are mostly good times. In addition, feel free to ask questions via email, or to arrange an alternative time to meet.

Learning aims and objectives

The objective of the Landmarks in Experimental Economics section of ECON407 is twofold: One aim is to promote an understanding of the experimental method with the help of formal lectures. The other aim is to highlight core findings of the discipline by discussing a selection of landmark papers. Class attendance is mandatory.

Assessment

Students will be expected to present two influential papers of the discipline in class and to participate actively in the following discussion. In addition, there will be two short quizzes about the content of the formal lectures.

Readings

Readings for this course will be lecture slides and published journal articles. All readings can be accessed online via Blackboard. No textbooks are required. For interested students with ambitions in the field of experimental economics I can suggest the following books for further reading:

Jacquemet, N., and L'Haridon, O. (2018). *Experimental Economics: Method and Applications*. Cambridge University Press. DOI: 10.1017/9781107446786

Bardsley, N., Cubitt, R., Loomes, G., Moffatt, P., Starmer, C. and Sugden, R. (2009). *Experimental Economics: Rethinking the Rules*. Princeton University Press.

Charness, G. and Pingle, M. (2021). *The Art of Experimental Economics. Twenty Top Papers Reviewed*. Routledge.

Assessment for the course

Assignments	40%	(Peter)
Class participation	10%	(Peter)
Student presentations	25%	(Daniel)
Quizzes	25%	(Daniel)

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