

**Econ 3480 Industrial Organization**  
The Chinese University of Hong Kong  
Department of Economics  
Fall 2018

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Office hour: Tuesday 3:30-4:45	Office hour: TBA
Lectures: F 8:30-11:15	Tutorial: TBA

Recommended Textbook: *Industrial Organization: a strategic approach* by Jeffrey and Roger Ware. Available online at:

[https://edisciplinas.usp.br/pluginfile.php/544042/mod\\_resource/content/1/ChurchWare.pdf](https://edisciplinas.usp.br/pluginfile.php/544042/mod_resource/content/1/ChurchWare.pdf)

Course website: <https://sites.google.com/site/bingyongzheng/teaching/io>

Assessment: The course grade will be determined by: (1) the problem sets, 20%; (2) midterm exam, 40%; (4) final exam, 40%.

The midterm exam will be held in week 7 of the term. The final exam date is set by the University, and students should check the university website for information of the final exam.

Assignments: There will be 5 problem sets. The problem sets are essential for understanding the course materials and also help you to prepare for the exams. Students are expected to complete the problem sets independently and turn it in on time. TA will go over the solutions on tutorials.

#### Description of the course

This course introduces theoretical analysis of behavior and performance of firms in markets, with a particular focus on strategic interactions. Topics include theory of firm, monopoly power, price discrimination, patent and R&D competition, oligopoly competition and collusion, and merger.

**Prerequisite Note:** Students are expected to be familiar with microeconomics at the intermediate level and multivariate calculus.

# **Course Outline**

## **Part 1: Theory of firm**

1. Neoclassical approach
2. Transactional approach

## **Part 2: Market structure**

3. Competitive market
4. Monopoly
5. Patent and R&D competition

## **Part 3: Monopoly behavior**

6. Nonlinear pricing
7. Third-degree price discrimination
8. Predatory pricing

## **Part 4: Oligopoly market**

9. Cournot oligopoly
10. Bertrand oligopoly
11. Collusion and antitrust policy

## **Part 5: Merger**

12. Horizontal merger
13. Merger and antitrust policy

## **Academic honesty and plagiarism**

The Chinese University of Hong Kong places very high importance on honesty in academic work submitted by students, and adopts a policy of zero tolerance on academic dishonesty. While “academic dishonesty” is the overall name, there are several sub-categories as follows:

- (i) Plagiarism
- (ii) Undeclared multiple submissions
- (iii) Buying or selling, possibly through third parties, papers/essays/dissertations
- (iv) Violating rules 15 or 16 of the Universitys Rules to be Observed by Candidates at Examination Centre (Examination Rules) (Annex)
- (v) Cheating in tests and examinations (including violation of rules 17 or 18 of the Universitys Examination Rules)
- (vi) Impersonation fraud in tests and examinations (including violation of rule 19 of the Universitys Examination Rules)
- (vii) All other acts of academic dishonesty

Any related offence will lead to disciplinary action including termination of studies at the University.

Everyone should make himself/herself familiar with the content of this website and thereby help avoid any practice that would not be acceptable.