

SIMON FRASER UNIVERSITY
DEPARTMENT OF ECONOMICS

COURSE: ECON 426W D100

SEMESTER: Fall 2021

TITLE: Industrial Organization: Governance and Institutions

INSTRUCTOR: G. Dow

PREREQUISITES: ECON 302

Description:

We will explore possible explanations for the fact that large firms are normally controlled by capital suppliers rather than labor suppliers. The first step is to study a range of cases in which firms are managed by their employees, and the next step is to develop economic concepts about the organization of firms. We will then consider work incentives, capital constraints, risk aversion, collective choice, and other stories about why investors usually control firms. We will examine the economic theory behind each story and the empirical evidence that tends to support or contradict it.

Some policy issues will also be addressed. Should employees be represented on a firm's board of directors? Does it make any sense to subsidize purchases of corporate stock by employees? Should governments encourage worker takeovers of closing plants or failing firms? We will probably not reach any unanimous conclusions on these issues, but after finishing the course your ideas should be clearer than when you began.

Required Text:

Governing the Firm: Workers' Control in Theory and Practice, by Gregory K. Dow, New York, Cambridge University Press, 2003.

We will spend one week on each chapter. The chapter titles are as follows:

1. Introduction
2. Normative Perspectives
3. Workers' Control in Action (I)
4. Workers' Control in Action (II)
5. Conceptual Foundations
6. Explanatory Strategies
7. A Question of Objectives
8. Views from Economic Theory (I)

9. Views from Economic Theory (II)
10. Transitions and Clusters
11. Toward a Synthesis
12. Getting There From Here

Grading:

The course grade is based on four elements: class participation, two papers, and a final exam. Each is worth 25%.

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