

**SIMON FRASER UNIVERSITY**

**ECON 425**

**Advanced Topics in Industrial Organization**

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**Topics and Journal Readings**

*Articles are listed chronologically by topic*

**Theory of the firm**

TEXT: Chapters 18, 19

*(1) Overview*

Milgrom, Paul; John Roberts *Economic Theories of the Firm: Past, Present, and Future* The Canadian Journal of Economics, Vol. 21, No. 3. (Aug., 1988), pp. 444-458.

Jensen and Meckling, *Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure*, Journal of Financial Economics, October, 1976, V. 3, No. 4, pp. 305-360.

*(2) Property Rights Model*

Barzel, Y *Measurement Cost and the Organization of Markets* JLE Vol. 25 (Apr 1982) pp 27-48

Cheung, S.N.S. *The Contractual Nature of the Firm*, JLE (April 1983)

Cheung, S.N.S., *A Theory of Price Control*, JLE (April 1974) pp 53-71

Coase, R. "The Problem of Social Cost", JLE, pp1-44 Oct. 1960

Klein, B. "Transaction Cost Determinants of "Unfair" Contractual Arrangements" AER (1980)

*(3) Vertical Restraints and Principle Agent*

Mathewson, F. and Winter, R. "The Economics of Franchise Contracts," The Journal of Law and Economics, Oct. (1985) 503-526

Klein, Benjamin; Kevin M. Murphy *Vertical Restraints as Contract Enforcement Mechanisms* Journal of Law and Economics > Vol. 31, No. 2 (Oct., 1988), pp. 265-297

Klein, Benjamin; Kevin M. Murphy, *Vertical Integration as a Self-Enforcing Contractual Arrangement*; The American Economic Review > Vol. 87, No. 2, Papers and Proceedings of the Hundred and Fourth Annual Meeting of the American Economic Association (May, 1997), pp. 415-420

Wainwright, K. "Dual organizational structures of franchise contracts" discussion paper (May 2002)

## **Issues in Market structure: Monopoly, Oligopoly, & Competition** *For the Market*

### *(1) Overview*

TEXT: Chapters 9-13

Dixit, Avinash, *Recent Developments in Oligopoly Theory*, AER, Vol. 72 No. 2, Papers and Proceedings (May 1982) pp 12-17

### *(2) The role of capacity*

Dixit, Avinash, *A Model of Duopoly Suggesting a Theory of Entry Barriers*, Bell Journal of Economics, (Spring 1979)

Dixit, Avinash. *The Role of Investment in Entry-Deterrence* The Economic Journal, Vol. 90, No. 357. (Mar., 1980), pp. 95-106.

Eaton, B.C., & Lipsey, R., *Exit Barriers are Entry Barriers: The Durability of Capital as a Barrier to Entry*, Bell Journal Vol 11, No 2 (Autumn 1980) pp 721-729

### *(3) Bertrand, Cournot and Stackelberg models*

Kreps, David M; Jose A. Scheinkman; *Quantity Precommitment and Bertrand Competition Yield Cournot Outcomes*, The Bell Journal of Economics, Vol. 14, No. 2. (Autumn, 1983), pp. 326-337.

Singh Nirvikar; Vives, Xavier *Price and Quantity Competition in a Differentiated Duopoly*, the RAND Journal of Economics, Vol. 15, No. 4. (Winter, 1984), pp. 546-554.

Eaton, B.C., & Ware, R., *A Theory of Market Structure with Sequential entry*, Rand Journal, Vol 18, No 1 (Spring 1987) pp 1-16

### *(4) Contestable Markets*

Baumol, William J. *Contestable Markets: An Uprising in the Theory of Industry Structure*, the American Economic Review, Vol. 72, No. 1. (Mar., 1982), pp. 1-15.

Baumol & Willig, *Contestability: Developments since the Book*, Oxford Economic Papers, Vol 38, Supplement: Strategic Behavior and Industrial Competition (Nov 1986) pp 9-36

### *(5) Limit Output*

Milgrom, Paul; John Roberts *Limit Pricing and Entry under Incomplete Information: An Equilibrium Analysis* Econometrica, Vol. 50, No. 2. (Mar., 1982), pp. 443-460.

## **Product differentiation**

TEXT: Chapter 7

### *(1) Monopolistic Competition*

Barzel, Y. *Excess Capacity in Monopolistic Competition*, JPE Vol. 78 No. 5 (Sep-Oct 1970) pp 1142-1149

### *(2) Spatial Models*

Eaton, B.C., & Lipsey, R., *An Economic Theory of Central Places*, EJ, Vol 92, No. 365 (Mar. 1982) pp 56-72

Eaton, B.C., & Lipsey, R., *The Theory of Market Pre-emption: The Persistence of Excess Capacity and Monopoly in Growing Spatial Markets*, *Economica*, New Series, Vol 46, No 182 (May 1979) pp 149-158

## **Information, Advertising, and Signaling**

TEXT: Chapters 20, 21

Klein, B & Leffler, K., *The Role of Market Forces in Assuring Contractual Performance*, JPE Vol 89, No 4 (Aug. 1981) pp615-641

Milgrom, Paul; John Roberts, *Price and Advertising Signals of Product Quality* the Journal of Political Economy, Vol. 94, No. 4. (Aug., 1986) pp. 796-821.

Rothchild, M and Stiglitz, J. “*Equilibrium in competitive insurance markets: an essay on the economics of imperfect information*” QJE, 90, 1976

Spence, M. *Job Market Signaling*, QJE, Vol 87, No 3 (Aug 1973) pp 355-374