

Exhibit 2

INDUSTRIAL ORGANIZATION FRAMEWORK

Intro IO

Textbook *

Case Studies

Arts Industry

Biotech Industry

PERFORMANCE

Allocative Efficiency & Profitability
 Competitiveness/Fitness/Sustainability
 Conservation, Present Value & the
 Precautionary Principle
 Externalities & Public Goods
 Equity, Ethics & Moral Sentiments
 National Innovation System

Equity
 Full Employment
 Production & Allocative
 Efficiency
 Progressiveness

Cost Disease
 Cultural Tectonics
 Human Ecology

Allocative & Technical Efficiency
 Conservation
 Equity & Ethics
 Profitability
 Progressiveness

CONDUCT

Collusion
 Game Playing
 Legal Tactics
 Price Competition
 Product Differentiation
 Product/Process Innovation
 Satisficing Behaviour & the Problem of
 Agency

Advertising
 Legal Tactics
 Pricing
 Product Strategy
 Research & Innovation

Copyright
 Research & Development

Advertising & Marketing
 Bio-prospecting & Piracy
 IPRs & Legal Tactics
 Multilateral Codes of Conduct
 Research & Innovation

STRUCTURE

Perfect Competition
 Monopolistic Competition
 Monopoly/Monopsony
 Oligopoly/Oligopsony
 Integration/Conglomerateness
 Government Intervention

Barrier to Entry
 Conglomerateness
 Cost Structures
 Number of Buyers & Sellers
 Product Differentiation
 Vertical Integration

Creation
 Production
 Distribution
 Conservation
 Size of Industry

Cost Structure
 Entry/Exit
 Firm Size, Concentration, Clusters
 &Alliances
 Innovators
 National Innovation Systems

BASIC CONDITIONS

Supply

Production Function
 Factors of Production
 Cost
 Supply Curve
 Elasticity
 Technology

Business Attitudes
 Product Durability
 Raw Materials
 Technology
 Unionization
 Value/Weight

Art as knowledge-based technology
 Literary Arts
 Media Arts
 Performing Arts
 Visual Arts

Risk Taking, Cost-Benefit &
 the Precautionary Principle
 Instrumentation
 Knowledge &Talent
 Public & Private Infrastructure
 Raw Materials

Demand

Utility Function
 Indifference Curve
 Budget Constraint
 Equilibrium
 Elasticity

Cyclical/Seasonal
 Marketing Type
 Price Elasticity
 Purchase Methods
 Rate of Growth
 Substitutes

Co-demand for
 Amateur Arts
 Applied & Decorative Arts
 Entertainment Arts
 Fine Arts
 Heritage Arts

Consumer Demand
 Cultural & Other Constraints
 Intermediate Demand
 Rate of Growth
 Substitutes & Compliments

*Adapted from F.M. Scherer, *Industrial Market Structure and Economic Performance*, Rand McNally, Chicago, 1971.
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