

Industrial organization deals with the structure and performance of imperfectly competitive markets and the interaction between different players such as firms, consumers and regulators or competition policy authorities. Among the particular subjects we will study are the determinants of market structure, the pricing decisions of firms, the strategic interactions among firms, and the effects of structure and conduct on price and non-price dimensions of market performance.

### **Evaluation**

Midterm (30%) and final exam

### **Required background**

Intermediate Microeconomics, Basic Calculus

### **Course type**

Elective, 4<sup>th</sup> year BSc, Advanced level, 6 ECTS

### **Readings**

**Belleflamme P., Peitz M. | Industrial Organization, Markets and Strategies, 2nd Edition, Cambridge University Press, 2015. (BP)**

Cabral L. | Introduction to Industrial Organization, second edition, 2017, MIT Press

Carlton D.W., Perloff J.M. | Modern Industrial Organization, International Edition. (CPint)

**Church J., Ware R. | Industrial Organization: a strategic approach, 2000. (CW)**

**Gibbons R. | Game Theory for Applied Economists. Princeton University Press, 1992. (Gibbons)**

**Motta M. | Competition Policy, Theory and Practice, Cambridge University Press, 2004. (MM)**

### **Outline**

Introduction. Partial equilibrium and consumer surplus. Perfect competition and efficiency.

CPint: ch. 3    CW: 2.1-2.3

Market Power. Single product monopoly. Dominant firms.

CW: 2.4, 4.1-4.2, 4.4-4.5    BP: 2.2    CPint: ch. 4

Multiproduct Monopoly. Durable goods monopoly.

CW: 4.3    MM: 8.2

Non-Linear Pricing and Price Discrimination.

CPint: ch. 9, 10    CW: 5.1-5.4.3, 5.5

Static Games of Complete Information. Static Oligopoly Models: Cournot

CW: ch. 7, 8.1, 8.2    Gibbons: 1.1, 1.3    BP: 3.1.1, 3.1.3    CPint: ch. 6

Static Oligopoly Models: Bertrand paradox. Price competition with differentiated products

CW: 8.3.1, 8.3.2    BP: 3.2

Game theory II: Dynamic Games of Complete Information. An Introduction to Strategic Behavior: The Stackelberg Game, Entry Deterrence

CW: ch. 9, 13.1- 13.3    Gibbons: 2.1.A, 2.3.A, 2.3.B, 2.4    CPint: ch. 11

Horizontal and vertical differentiation, The Hotelling model, Quality choice.

BP: 5.1, 5.2., 5.3.1

Horizontal mergers.

BP: 15.1, 15.2, 15.3.3    CW: 23.1- 23.3