

Industrial Organization

Winter School @ Fudan SOE 2022

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| Course Code | ECON2170015 | | |
| Course Title | Industrial Organization | | |
| Credit | 3 | Credit Hours | 48 credit hours |
| Course Objectives | Industrial organization is about the study of firms in markets. Industrial organization focuses on firm behavior in imperfectly competitive markets, which appear to be far more common than the perfectly competitive markets that were the focus of your basic microeconomics course. This field analyzes the acquisition and use of market power by firms, strategic interactions among firms, and the role of government competition policy. | | |
| Course Description | <p>The course will address topics and questions such as:</p> <ul style="list-style-type: none">• What are the Industries and Markets? What are the unilateral exercises of market power?• How can firms use nonlinear pricing schemes to increase profits?• How do contractual relations between firms affect prices, profits, and welfare?• How does the non-price competition between firms affect prices, profits, and welfare?• When and how should government intervene in markets and implement the industrial policy? | | |
| <p>Course Requirements:</p> <p>The students are expected to learn from the abstract theorem to the empirical analysis and case study, build up the connection between the economic theory and real-life observations and master independent research skills to explain economic phenomena in the real-life setting.</p> <p>Prerequisites:</p> <p>Intermediate Microeconomics</p> | | | |
| <p>Teaching Methods:</p> <p>We will approach these subjects from both theoretical and applied perspectives: Theory, Empirical Application and Case Study.</p> | | | |
| Course Schedule | | | |

| Class # | Time | Date | Topic | Reading | Assignments |
|---|------|------|--|---------|-------------|
| 1 | | | Part I: Industrial Organization: Overview | PRN 1 | |
| 2 | | | Part I: Industry and Market | Handout | |
| 3 | | | Part II: Price discrimination I | PRN 5 | |
| 4 | | | Part II: Price discrimination II | PRN 6 | |
| 5 | | | Part III: Static Games & Cournot Competition | PRN 9 | |
| 6 | | | Part III: Bertrand Competition | PRN 10 | |
| 7 | | | Part III: Dynamic Games | PRN 11 | PS1 due |
| 8 | | | Part IV: Horizontal Merger | PRN 15 | |
| 9 | | | Part IV: Vertical and Conglomerate Merger | PRN 16 | |
| 10 | | | Part V: Research and Development | PRN 20 | |
| 11 | | | Case Study Presentation | | PS2 due |
| 12 | | | Case Study Presentation | | |
| 13 | | | Final Exam | | |
| The design of class discussion or exercise, practice, experience and so on: The course will combine the basic theoretical analysis with several case studies. For example, Part II: Price discrimination Case Study1: Is the price in my shopping app the same as others'? First degree price discrimination Case Study2: Is student discount a real discount? Third degree price discrimination Part IV: Case Study1: Why can Didi and Uber merge in China? Horizontal Merger Case Study2: Why does Alibaba take over OFO? Conglomerate Merger | | | | | |
| Grading & Evaluation: Grades: 100points Final Exam (Open Book, 24 hours): 40% Case Study and Group Presentation: 60% *Case Study: Provide the background for the case you are interested in, Identify the basic IO concepts, Use the basic model or rationale learned in this class to analyze this specific case you have chosen. 20-30mins group presentation. | | | | | |
| Teaching Materials & References: Textbook: Pepall, Lynne, Dan Richards and George Norman (PRN). "Industrial Organization: Contemporary Theory and Empirical Applications." Wiley, April 2014 Porter, Michael E. "On Competition." Harvard Business School Press, October, 1998 Additional Reference: Shy, Oz. "Industrial Organization: Theory and Application." MIT, 1996 | | | | | |