



Course: Industrial Organisation

Faculty: Amedeo Piolatto

Term: First term

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Office Hours: upon request

Description:

This is a second year PhD course designed for graduate students who have taken core Microeconomic courses.

Objective:

Industrial organisation (IO) focuses on the study imperfect competition and the organisation of markets. However, IO models and tools are applied to a wide range of topics and disciplines, including Finance, Health Economics, Information Economics, Innovation, Management and Strategy, Marketing, etc.

Yet, one primary focus is on how the different market structures (monopoly, different types of oligopoly, etc) affect firms' and consumers' behaviour.

The course is designed to familiarise students with classic as well as recent developments in IO, mostly looking at the theoretical aspects of IO. A wide variety of students may be interested in the class, including those interested in strategic behaviour and issues related to information. Market imperfections have consequences at the Macro level and may affect international trade. Therefore, models of IO have also been recently used in fields that were considered to be quite distant.

Outline:

1. Monopoly pricing.
 1. Single and Multiproduct Monopolist.
 2. Price Discrimination.
 3. Vertical Control.
2. Imperfect competition
 1. Static competition (Bertrand, Cournot, Kreps-Scheinkman).
 2. Dynamic aspects (Stackelberg model, Entry)
 3. Product differentiation. (Horizontal: Hotelling, Salop, Perloff-Salop, Vertical: pricing, quality choice).

3. Market frictions and asymmetric information.
 1. Quality signalling. Quality disclosure and certification.
 2. Consumer side frictions. Search (Stahl and Wolinsky models). Switching costs.
4. Vertical relations: double-marginalization, exclusive dealing, mergers.

References:

- Armstrong, Mark and Porter, Robert H. eds. "Handbook of industrial organization," Vol. 3. Elsevier, 2007.
- Belleflamme, P. and Peitz, M., Industrial Organization: Markets and Strategies, Cambridge University Press, 2009.
- Bolton, P. and Dewatripont, M., Contract Theory, MIT Press, 2004.
- Macho-Stadler, I. and Pérez-Castrillo, D., An Introduction to the Economics of Information, Oxford University Press, 1997.
- Shy, Oz, Industrial Organization: Theory and Applications, The MIT Press, 1997.
- Tirole, J., Theory of Industrial Organization, Cambridge, MIT Press, 1989

More references will be given during the classes.

Grading:

The course grade depends both on a continuous assessment, which may take different forms (homework, mid-terms exams, oral presentations, etc.), and a final exam.