

University College London

ECON0026, Topics in Industrial Economics
Thursday Afternoon (time TBD)
Location TBD
Term 2 2022-2023

Description: Industrial Economics (also known as Industrial Organisation) is the study of firm behaviour and market outcomes in *imperfectly competitive* markets – the majority of real-world markets, one could argue. In this course we will, accordingly, study game-theoretic theories of firm behaviour and market outcomes, as well as empirical evidence brought to bear on the predictions of those theories. By the end of the course, you should be comfortable posing simple models to address questions of firm behavior and market outcomes, and conducting related empirical exercises, including the estimation of demand functions and their application to merger analysis.

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Office Hours: TBD.

Teaching Assistant: Giuseppe Forte, Drayton House Room 309 giuseppe.forte.19@ucl.ac.uk.
Office Hours: Tuesdays 13:30-14:30.

References: The main reference will be

Paul Belleflame and Martin Peitz, *Industrial Organization: Markets and Strategies*, second edition, 2015.

I will also occasionally refer to Jean Tirole's *The Theory of Industrial Organization* and Michael Whinston's *Lectures on Antitrust Economics*.

Prerequisites: ECON0013: Microeconomics (or equivalent).

Course Materials. Lecture notes and problem sets will be posted on the [course Moodle page](#) as we go along.

Problem Sets. Problems sets will be posted every other week starting on the first day of class and are due after two weeks. A problem set refers to material taught on the day it was posted and on the following week. From each problem set, I will select two to three problems to be graded. This is intended as feedback only and will not count towards your final grade.

Working on the problems is an integral part of the course. It is impossible to emphasize this enough! It is only possible to fully understand this material by working through the problems. Working in small groups is *strongly encouraged*. However, every student is required to turn in their own solutions.

Exams. A single exam in Term 3. Date TBA.

Grading Policy. The final exam counts towards 80% of your final grade. Problem sets account for the other 20%.

Course Outline: A tentative outline is given below.

Date	Chapters and Topics
12 January	What is Industrial Organization? Quasi-linearity and measurement of welfare. The perfect competition benchmark. Monopoly pricing. Cournot competition and tests of its predictions. SCP and its shortcomings.
19 January	Bertrand competition and the Bertrand paradox. Solutions to the Bertrand Paradox: Kreps-Scheinkman and product differentiation. The Hotelling and Salop models.
26 January	Strategic incumbents and entry. Taxonomy of business practices. Limit-pricing.
2 February	Collusion under Bertrand and Cournot competition. Rotemberg-Saloner and Green-Porter. Identifying collusion.
9 February	Horizontal mergers and policy.
23 February	Vertical relationships.
2 March	Price discrimination.
9 March	Innovation.
16 March	Network goods and platforms.
23 March	Demand estimation. The logit model and estimation with aggregate data. IIA. Nested logit. Random coefficients. Merger simulations.