Industrial Economics

Module Code: ECO00008H Credits: 20 Year: 3 Terms: 1-2
Contact Hours: 23 Lectures, 6 Seminars (29 contact hours)
Module Organiser: Dr B Datta
Module Lecturers: Dr B Datta & Dr P Wagner

Overview:
The module is taught over two terms: Autumn and Spring.

- The Autumn term topics include the analysis of firm behaviour and the nature of competition under various types of market structure. We first analyze monopoly firm’s behaviour. We then analyse markets with a finite number of firms; distinctive features of price (Bertrand) and quantity (Cournot) competition are developed and the impact of the structure of firms’ moves (simultaneous v sequential) is studied. We also analyze the topic on entry deterrence. In addition, the framework is extended to analyse collusion.

- The Spring term topics build upon the basics learnt in the Autumn term to provide an in-depth analysis of some more advanced and recent topics such as product differentiation and spatial competition, Horizontal and Vertical mergers, Vertical relations, advertising, and network competition.

The overall approach of the module is predominantly theoretical. Attempts are however made to cite real life examples wherever appropriate.

Aims:
- To show how microeconomics and game theory can be used to analyse firms' (strategic) behaviour in markets
- To bridge gaps between theory and real-life examples
- To raise awareness of industrial and competition policy issues

Objectives:
On completing the module a student will be able to:
- Define and explain the various concepts used in industrial economics
- Apply the concepts to understand and explain the structure and behaviour of selected industries
- Apply theory to real-life examples

Assessment:
There will be a 3-hour unseen examination in the Summer Term.

Pre-requisites:
None. However, a good background in Microeconomics and ability to do some mathematics will be essential for this module.

Main References:
Main textbook:

Following books will also be used alongside: