Industrial Economics: Strategic Behaviour and Market Organisation

Module Code: ECO00027M  Credits: 10  Term: 1
Contact Hours: 7 two-hour lectures, 4 seminars (18 contact hours)
Module Organiser: Dr. B. Datta

Overview:

Industrial Economics (also known as Industrial Organisation) is about the study of firm behaviour and market organisation. We will focus on the way firms behave strategically with one another in imperfectly competitive markets and how such strategic behaviour amongst firms shapes the market structure.

Over the past decade, Industrial Economics has emerged as being one of the most exciting areas of economics as a new generation of game-theoretic models have provided us with new ways of analysing a range of practical issues, and addressing some long-standing empirical questions not only within the field itself but also in other areas of economics where a micro-based approach has become essential. Consequently, Industrial Economics provides a strong platform for analysing issues in fields such as Macroeconomics, Finance, Health, and International Trade amongst many others.

In this module, you will expand on your knowledge of topics related to oligopoly theory. You will study topics such as static and dynamic models of imperfect competition; product quality, advertising and search; entry and market structure; markets with asymmetric information – reputation, limit pricing and predation, R&D and innovation, vertical relations; and network and internet economics. Whilst the nature of this module is primarily theoretical, the module will provide you with enough background to explore aspects in empirical Industrial organisation thereby complementing your overall knowledge of the subject itself.

Aims:

- To introduce students to most recent theoretical advances in the field of Industrial Economics
- To provide students with sufficient knowledge for analysing various forms of strategic interactions in imperfectly competitive markets
- To establish a sufficient level of knowledge about the field such that students will be able to pursue further studies in topics that are not covered in the module
- To make students sufficiently enthusiastic about the subject itself such that some of them will feel motivated to pursue PhD research in Industrial Organisation

Assessment:

There will be a two-hour unseen examination scheduled at the start of the Spring Term.
Pre-requisites:

Knowledge of basic micro theory and game theory, and ability to do maths would be essential.

Main References:

There is no single text that covers all topics. However some of the widely used texts in this field are:


Lectures will be supplemented by several journal articles. References will be provided in the lectures as well as in the syllabus.