

OIECOY03 - Industrial Organization

Professor: Anna CRETI

Contact information:

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Department: International affairs

Semester: 2

Course level: L3 Undergraduate

Domain: Economics

Teaching language: English

Number of in-class hours: 33

Number of course sessions: 10 + Exam

ECTS: 6

Course description and objectives

Industrial organization is the study of industry and firm behavior. Using the basic tools of microeconomic theory and game theory, this course will focus on the analysis of imperfectly competitive markets (monopoly and oligopoly). We shall first explore the relationships among firms in an industry by examining the nature of strategic interaction among them. We shall then analyze the strategies and methods that the firms use to preserve their monopolistic positions (detering entry into an industry or driving rivals out of an industry) and examine the outcomes they produce. The last part of the course will deal with dynamic aspects of competition that represent critical issues in high technology and information technology industries: innovation and persistence of market dominance, network externalities and strategies in standardization. During the lectures the students will discuss some examples/mini case studies, to learn how economic concepts have been used in real world business and legal settings.

Objectives: Students will be guided to understand both the theoretical and the empirical aspects of modern Industrial Organization. Their active participation through the mini-case studies discussion will help achieving these objectives.

Prerequisites

Microeconomics

Learning outcomes

Basic methods of quantitative Industrial organization and game theory

Description of a market

Strategic interaction of market players

Basic notions of dynamic competition

Discussion of case studies

Assignments and grading

- Oral presentation (50%)
- written exam (50%)

The numerical grade distribution will dictate the final grade. The passing grade for a course is 10/20.

Class participation: Active class participation – this is what makes classes lively and instructive. Come on time and prepared. Class participation is based on quality of comments, not quantity.

Exam policy: In the exam, students will not be allowed to bring any document (except if allowed by the lecturer). Unexcused absences from exams or failure to submit cases will result in zero grades in the calculation of numerical averages. Exams are collected at the end of examination periods.

Course structure

Session	Topic
1	Perfect Competition, Welfare
2	Technologies and Costs
3	Monopoly
4	Regulated Monopolies
5	Oligopoly: Cournot Competition
6	Oligopoly: Bertrand Competition
7	Collusion
8	Research and Development
9	Advertising
10	Collusion
11	Final Exam

Bibliography

- L. Cabral (2018), *Introduction to Industrial Organization*, MIT Press.
- Selected readings from Tirole J., *The theory of industrial organization* (1988), MIT Press

Lecturer's biography

Anna CRETI is full Professor at Université Paris-Dauphine-PSL, since 2014; Scientific Director of the Climate Economics Chair (Un. Dauphine) and the Economics of Gas Chair (U Dauphine, Toulouse School of Economics, IFPEN, Ecole des Mines). She is Research Fellow, Ecole Polytechnique, Paris and external Affiliate, Siebel Institute, Berkeley. Anna holds a PhD from the Toulouse School of Economics and a post-doc from the London School of Economics. Anna has previously worked at the Toulouse School of Economics, Bocconi University, Nanterre University and has been visiting the University of California Santa Barbara and Berkeley. She has extensively studied competition and regulation of utilities in Europe, as well as the link between energy, climate and environmental regulation.

Moodle

This course is on Moodle: **Yes**

Academic integrity

Be aware of the rules in Université Paris Dauphine about plagiarism and cheating during exams. All work turned in for this course must be your own work, or that of your own group. Working as part of a group implies that you are an active participant and fully contributed to the output produced by that group.

Academic calendar

Dates (Monday/Sunday)		International Affairs courses
06/01/20	12/01/20	Welcome Week + French seminar
13/01/20	19/01/20	1
20/01/20	26/01/20	2
27/01/20	02/02/20	3
03/02/20	09/02/20	4
10/02/20	16/02/20	5
17/02/20	23/02/20	Holidays
24/02/20	01/03/20	6
02/03/20	08/03/20	7
09/03/20	15/03/20	8
16/03/20	22/03/20	9
23/03/20	29/03/20	10
30/03/20	05/04/20	11
06/04/20	12/04/20	Holidays
13/04/20	19/04/20	Exams
20/04/20	26/04/20	
27/04/20	03/05/20	
4/05/20	10/05/20	