

Course Outline for Part IIB Paper 9 Industry 2021-2022

Course coordinator: Flavio Toxvaerd (fmot2@cam.ac.uk)

Content:

This course covers the economic analysis of consumer and firm behaviour in imperfectly competitive markets. In addition to covering the main ideas of industrial organisation, it considers related topics such as competition policy and industry regulation. The approach taken combines the application of microeconomic theory with game theory and empirical evidence and methods. It covers a wide range of topics, including market definition and concentration, modes of competition, firm entry and exit, horizontal mergers, vertical relations, product differentiation, collusion, predatory behaviour and entry deterrence, R&D and innovation etc.

Objectives:

The course will develop students' understanding of both theoretical and empirical industrial organisation, including its application to policy issues. It will provide useful knowledge for students wishing to embark on careers in industry, consulting, policy making or in the City, as well as a solid foundation for postgraduate courses in economics.

Lecture courses:

The course will consist of three modules as follows:

Industrial Organisation: Theory (Dr. Toxvaerd, 16 hours of lectures in Michaelmas term).

This module will cover the main theoretical concepts of industrial organisation, with an emphasis on formal modelling.

Industrial Organisation: Competition Policy (Dr. Toxvaerd, 4 hours of lectures in Michaelmas term).

This module will cover the institutional, legal and practical aspects of the conduct of competition policy.

Industrial Organisation: Empirics (Dr. Amano, 12 hours of lectures in Lent term).

This module will cover the main methods used in empirical and applied work in the field.

Industrial Organisation: Practice (outside speaker TBA)

This extra lecture is from a senior economist at the Competition and Markets Authority and will take place on 30/11/2021 at 9.00 via Zoom. The speaker will talk about practical

competition policy work at the CMA and how it makes use of the type of techniques taught in this course.

Readings:

The course assumes familiarity with intermediate microeconomics, game theory and basic econometrics.

The main textbooks used in the three modules are as follows:

Industrial Organisation: Theory

The primary textbooks for this module are:

Pepall, L., D. Richards and G. Norman (2011): Contemporary Industrial Organization: A Quantitative Approach, *John Wiley & Sons*.

Belleflamme, P. and M. Peitz (2015). Industrial Organization: Markets & Strategies, 2nd edition, *Cambridge University Press*.

Industrial Organisation: Competition Policy

The primary textbook for this module is:

Bishop, S. and M. Walker (2010). The Economics of EC Competition Law: Concepts, Application and Measurement, *Sweet & Maxwell*.

Motta, M. (2004). Competition Policy: Theory and Practice, *Cambridge University Press*.

Industrial Organisation: Empirics

The primary textbook for this module is:

Davis, P. and E. Garces (2010). Quantitative Techniques for Competition and Antitrust Analysis, *Princeton*.

Supervisions:

Supervision topics will be made available at the beginning of each lecture course.

Examination:

The course is assessed via a written, closed-book exam. Past examination papers are available from the Faculty webpage. *For formal details of the examination structure, please refer to the Form and Conduct Notice pages on Moodle.*