Aims

EC5020 is a one-term MSc course in industrial economics. The aim of the course is that students should become familiar with a broad range of the methods and models that economists use to analyse firms and industries. A broader goal is that students that take the course, by working extensively with theoretical models, will acquire analytical skills they can transfer to other kinds of intellectual problems.

Students should have a foundation in microeconomics and mathematics, including calculus.

Learning Outcomes

Upon completion of the course students should:

- Have an understanding, at a fairly advanced level, of basic models of the behaviour of firms and industrial organization theory.
- Be able to manipulate these models and be able to solve problems relating to industrial economics analytically.
- Be able to apply the models to important policy areas while being aware of the limitations of the theory.

Course Delivery

The course will be delivered through a two-hour lecture and a one hour seminar. The instructor is available for consultation (either individually, or in small groups) during advertised office hours or by appointment. The timings for the class and office hours will be announced later.

There is a course website at http://moodle.rhul.ac.uk

Assessment

- one 1-hour mid-term test that contributes 25% of the final mark
- one 2-hour unseen examination that contributes 75% of the final mark.

The midterm test is taken during the first seminar class after the reading week and the final exam is taken during the Exam Term (May/June). The exams will test your knowledge and understanding of the material covered in the course; your ability to manipulate
diagrammatic and algebraic versions of the models you have learned; and your ability to critically appraise models and their application.

Broadly, 80% (or more) of both the tests will concentrate on the problems in Tirole (many of which are solved in the book) and minor (often simplified) variations thereof.

There will be weekly homeworks which you will be required to do, but these will not be part of the assessment.

Weekly timetable (Tentative)
I will cover selected sections of each chapter in the book. After class, I will upload a note sheet on moodle mentioning the actual coverage.

Lecture 1: Introduction
Lecture 2: Monopoly (chapter 1)
Lectures 3: Price Discrimination (chapter 3)
Lecture 4-5: Bertrand and Cournot competition (chapter 5)
Lecture 6: Mergers, Competition policy and Collusion (chapter 6)
Lecture 7: Product differentiation (chapter 7)
Lecture 8: Entry and exit (chapter 8)
Lecture 9: Advertising and issues in asymmetric information (selected topics)
Lecture 10: Review