

# ECON-UA 316-001 – Industrial Organization

Summer 2017, New York University

## Instructor

Dániel Csaba — 19 W 4th Street, Office 502 — [daniel.csaba@nyu.edu](mailto:daniel.csaba@nyu.edu)

Office hours: Mondays 15:00-16:00 or by appointment

## Class Meetings

M-Tu-W-Th at 10:45am-12:20pm between 05/22/2017 – 07/02/2017 in LL23, 7 East 12th Street

## Course Description

Industrial Organization is concerned with the study of how businesses compete with each other under different market structures. In other words, it is the study of imperfectly competitive markets. In order to understand the mechanisms and implications of the strategic interactions among actors on these markets industrial organization heavily builds on the tools of game theory. The course will cover the core questions naturally arising in these settings and provide tools in order to coherently analyze them.

## Prerequisites

Intermediate Microeconomics (ECON-UA 10), Statistics (ECON-UA 18) and Calculus I. (MATH-UA 121).

## Textbooks

Luís M.B. Cabral. *Introduction to Industrial Organization*. Second edition, 2017

Lynne Pepall, Daniel Jay Richards, and George Norman. *Industrial Organization: Contemporary Theory and Practice*. John Wiley & Sons, 2013

The course will mainly build on Cabral (2017), for supplementary reading Pepall et al. (2013) is recommended.

## Grading

Problem sets: There will be four problem sets each worth 5% of the final grade (20% in total).

Exams: There will be a midterm (30%) at the end of third week and there will be a final exam (40%) on the last lecture.

Class participation: 10%.

## Tentative Schedule

Following the book by Cabral (2017).

### Week 1 – 05/22/2017 - 05/25/2017

M – Introduction and overview of the course  
Tu – Consumers  
W – Producers  
Th – Competitive Equilibrium

Problem Set 1 handed out covering the material of Week 1. Due on 06/01.

### Week 2 – 05/29/2017 - 06/01/2017

M – Memorial Day – no class  
Tu – Market Failure  
W – Price Discrimination – Linear Pricing  
Th – Price Discrimination – Non-linear Pricing

Problem Set 2 handed out covering the material of Week 2. Due on 06/07.

### Week 3 – 06/05/2017 - 06/08/2017

M – Game Theory – Normal Form Games  
Tu – Game Theory – Extensive Form Games, Asymmetric Information  
W – Review and Practice Problems  
Th – Midterm

### Week 4 – 06/012/2017 - 06/015/2017

M – Entry Deterrence, Cournot Competition  
Tu – Predatory Pricing, Bertrand Competition  
W – Free Entry and Social Welfare  
Th – Collusion: Detection and Public Policy

Problem Set 3 handed out covering the material of Week 4. Due on 06/22.

**Week 5** – 06/19/2017 - 06/22/2017

M – Horizontal Mergers

Tu – Vertical and Conglomerate Mergers

W – Vertical Price Restraints

Th – Advertising, Market Power and Information

Problem Set 4 handed out covering the material of Week 5. Due on 06/29.

**Week 6** – 06/26/2017 - 06/29/2017

M – Advertising, Competition and Brand Names

Tu – Research and Development

W – Review of the course and practice

Th – Final