



APPLIES TO ACADEMIC YEAR
2002/2003

GRA 1305 Industrial Economics and Competitive Strategy

Program

Master of Science in Business Administration (MScBA), Specialization Course

Responsible for the course

Espen R. Moen

Department

Economics

Term

Fall

ECTS Credits

6

Objective

The aim of this course is to give the students a comprehensive understanding of modern theory of industrial organization and competitive strategy. The main focus is on strategic interaction among firms in a market. In markets with a limited number of firms, the firms are aware of the interdependence of their actions in the market place. Each firm will want to take into account its rivals' responses. Hence, a firm needs to "put itself in its rival's shoes" before it can work out the best strategies. The analytical approach to the study of strategic interaction is game theory. We study issues like entry deterrence, price wars, patent races, price-fixing conspiracies, mergers, and advertising campaigns. The theory will be illustrated and motivated by cases studies from Norwegian and foreign markets.

Prerequisites

Economics 1-3 (undergraduate) or equivalent and Intermediate microeconomics (may be taken in the same term).

Compulsory literature

Pepall, Lynne, Daniel J. Richards and George Norman. 2002. *Industrial organization: Contemporary theory and practice*. Cincinnati, Ohio: South-Western.

Recommended literature

Jean Tirole. 1988. *The theory of industrial organization*. Cambridge, MA.: MIT Press.

Course outline

Monopoly pricing strategies
Cournot and Bertrand competition
Predatory behaviour
Collusion and cartels
Mergers
Vertical relations
Advertising
Research and development

Computer-based tools

Not yet developed

Course structure

36 hours of lectures and class discuss

Evaluation

Three hours written exam

Evaluation code(s)

GRA13051

Aids at the examination

Berck, Peter og Knut Sydsæter. 1993. Economists' Mathematical Manual. 2nd ed. Berlin: Springer Verlag.
A non-programmable calculator is permitted.

Makeup exam

Next ordinary exam