



APPLIES TO ACADEMIC YEAR 2003/2004

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

According to study plan

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 takes into account its rivals' responses on its own behaviour. Hence, a firm needs to "put itself in its rival's shoes" before its 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 and mergers. The course also includes an overview of Norwegian and European antitrust law. Finally, an introduction to behavioural economics (in which the assumption of rationality is relaxed) and its consequences for market structure will be given. The theory will be illustrated and motivated by examples from Norwegian and foreign markets.

Prerequisites

Economics 1-3 (undergraduate) ore 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* . 2nd ed. Cincinnati, Ohio: South-Western.
Published lecture notes.

Recommended literature

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

Course outline

Monopoly pricing strategies
Product differentiation
Collusion and cartels
Mergers
Vertical relations
Research and development
Behavioural economics

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