



APPLIES TO ACADEMIC YEAR 2004/2005

## GRA 6031 Intermediate Microeconomics

### Program

Master of Science in Business, Master of Science (common course), Master of Science (Financial Economics)

### Responsible for the course

Dag Morten Dalen

### Department

Economics

### Term

According to study plan

### ECTS Credits

6

### Objective

The objective of the course is to give the students an understanding of how microeconomic theory can be applied to shed some light on central issues within private and public decision making. Two main applications are covered. The first theme is industrial organization and competitive strategy. Here the 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. 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, price-discrimination. The second theme is international trade. Here we shed some light on the longstanding discussion concerning globalization and the degree of international competitiveness. The analytical approach to the study of international trade is general equilibrium.

### Prerequisites

Knowledge of economics from the undergraduate program - SØK 9354 or equivalent

### Compulsory literature

Cabral, Luis M.B. 2000. *Introduction to Industrial Organization*. Cambridge: MIT Press. Selected parts.

Krugman, Paul and Maurice Obstfeld. 2003. *International Economics: Theory and Policy*. 6th ed. Boston, Mass: Addison Wesley. Selected parts.

### Recommended literature

None

### Course outline

Industrial Organization

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

The theory of international trade

- Gains from free trade
- Wealth and distribution
- Globalization
- Controversies of globalization

### Computer-based tools

None, except Blackboard/homepage

### Course structure

Lectures over 42 hours

**Evaluation**

3 hours written exam

**Evaluation code(s)**

GRA 60311

**Aids at the examination**

Non-programmable calculator, bilingual dictionary

**Makeup exam**

Next ordinary exam