

Industrial Economics and Public Policy

2 Credits

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1. Course Description

This course is concerned with the application of microeconomics and game theory to the study of the structure of firms and markets and their interactions.

2. Course Outline and Objective

The first half of the course reviews the basic material from microeconomics and game theory: perfect competition, monopoly, oligopoly, monopolistic competition, normal-form games, and extensive-form games. The second half of the course covers some of the topics that are essential for applying the theories of industrial organization to real world problems: strategic behavior, price discrimination through quantity discounts and tie-in sales, vertical integration and vertical restrictions, limited information, network externalities, advertising, antitrust policy, and government regulation. Emphasis is on how the analytic tools developed in the course can be used to examine these issues.

3. Method of Assessment

The grade is based on Mid-term and Final Examinations and Homework.

4. Required Texts and References

Hal Varian, *Intermediate Microeconomics: A Modern Approach*, 6th edition, W.W. Norton 2002

Oz Shy, *Industrial Organization: Theory and Applications*, The MIT Press, 1996

Oz Shy, *The Economics of Network Industries*, Cambridge University Press, 2001

Robert Gibbons, *Game Theory for Applied Economists*, Princeton University Press, 1992

5. Related Subjects

Microeconomics