

Course Code

Industrial Organization

Module 3, 2023-2024

Course Information

Instructor: Chen Lyu

Office: PHBS Building, Room 751

Phone: 86-755-2603-2795

Email: clyu@phbs.pku.edu.cn

Office Hour: TBA

Classes:

Lectures: Mon & Thu, 8:30-10:20am

Venue: PHBS Building, Room TBA

Course Website:

TBA

1. Course Description

1.1 Context

Course overview: Industrial Organization (IO) studies firms' behaviours and interplay in a market context. We will explore the basic economic theories and frameworks for understanding firm behaviours like pricing, collusion, entry, merger & acquisition as well as their welfare consequences. Mini-cases will link the theories to real-world practices. Basic tools from game theory will also be introduced when necessary.

1.2 Textbooks and Reading Materials

Main reference:

my slides or lecture notes

Other references:

1. Pepall, L., Richards, D., & Norman, G. (2014). Industrial organization: Contemporary theory and empirical applications (fifth edition). John Wiley & Sons.
2. Tirole, J. (1988). The theory of industrial organization. MIT press.
3. A guide to anti-trust laws in the US: <https://www.ftc.gov/advice-guidance/competition-guidance/guide-antitrust-laws>

2. Learning Outcomes

2.1 Intended Learning Outcomes

Learning Goals	Objectives	Assessment (YES with details or NO)
1. Our graduates will be effective communicators.	1.1. Our students will produce quality business and research-oriented documents.	No
	1.2. Students are able to professionally	No

	present their ideas and also logically explain and defend their argument.	
2. Our graduates will be skilled in team work and leadership.	2.1. Students will be able to lead and participate in group for projects, discussion, and presentation.	Yes (students are expected to form teams to study industries they like and give presentations)
	2.2. Students will be able to apply leadership theories and related skills.	No
3. Our graduates will be trained in ethics.	3.1. In a case setting, students will use appropriate techniques to analyse business problems and identify the ethical aspects, provide a solution and defend it.	No
	3.2. Our students will practice ethics in the duration of the program.	No
4. Our graduates will have a global perspective.	4.1. Students will have an international exposure.	No (but some cases and examples used in the course may be international)
5. Our graduates will be skilled in problem-solving and critical thinking.	5.1. Our students will have a good understanding of fundamental theories in their fields.	Yes (we study IO theories)
	5.2. Our students will be prepared to face problems in various business settings and find solutions.	Yes (we explore the basic tools for this)
	5.3. Our students will demonstrate competency in critical thinking.	Yes (critical thinking is important if one wants to apply theories to the real-world situations.)

2.2 Course specific objectives

The main objectives of the course are to provide students with basic yet solid analytical frameworks for understanding firms and industries, and let them link the theories to practice.

2.3 Assessment/Grading Details

Grading is based on the following:

- 1) Midterm Exam (40%)
- 2) Final Exam (40%)
- 3) Group Presentation (20%)

Notes:

1. For a group presentation, students can either examine an interesting industry or present an influential anti-trust case.
2. Students must follow the class attendance policies of the school. Violations may cause consequences that I'm not able to waive. In particular, being absent for more than 30% of the classes will lead to failure of the course.

2.4 Academic Honesty and Plagiarism

It is important for a student's effort and credit to be recognized through class assessment. Credits earned for a student work due to efforts done by others are clearly unfair. Deliberate

dishonesty is considered academic misconducts, which include plagiarism; cheating on assignments or examinations; engaging in unauthorized collaboration on academic work; taking, acquiring, or using test materials without faculty permission; submitting false or incomplete records of academic achievement; acting alone or in cooperation with another to falsify records or to obtain dishonestly grades, honors, awards, or professional endorsement; or altering, forging, or misusing a University academic record; or fabricating or falsifying of data, research procedures, or data analysis.

All assessments are subject to academic misconduct check. Misconduct check may include reproducing the assessment, providing a copy to another member of faculty, and/or communicate a copy of this assignment to the PHBS Discipline Committee. A suspected plagiarized document/assignment submitted to a plagiarism checking service may be kept in its database for future reference purpose.

Where violation is suspected, penalties will be implemented. The penalties for academic misconduct may include: deduction of honour points, a mark of zero on the assessment, a fail grade for the whole course, and reference of the matter to the Peking University Registrar.

For more information of plagiarism, please refer to *PHBS Student Handbook*.

3. Topics, Teaching and Assessment Schedule (Tentative)

Topic	Sub-topic	Classes
Introduction		1
Monopoly	Price discrimination	2 - 3
Monopoly	Menu pricing (screening)	4
Monopoly	Product variety	5
Oligopoly	Cournot and Bertrand competition (Supplement: simultaneous move game and NE)	6 - 7
Oligopoly	Stackelberg competition (Supplement: sequential game and SPE)	8
Oligopoly	Competition with differentiated products	9
Midterm		10
Oligopoly	Entry and anti-entry conducts	11
Oligopoly	Horizontal mergers	12

Oligopoly	Collusion (Supplement: repeated game)	13
Vertical Relationship	Double-marginalization and ways to avoid it	14
Selected Topics	Two-sided market	15
Selected Topics	Search friction and Diamond paradox	16
Group Presentation		17
Group Presentation		18
Final Exam		Apr 21st

4. Miscellaneous