

## **Part IIB Paper 9 Industrial Organization and Institutions**

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### **Content**

This paper covers the economic analysis of industrial organization and institutions in imperfectly competitive markets. The approach taken combines the application of microeconomic theory with empirical evidence. It covers a wide range of topics, including firm entry into markets, pricing strategies, collusion, market size, the value of reputations of firms, implicit and explicit (= legal) contracts, principal-agent problems, organization of the firm, institutions, and the role of the government.

### **Objectives**

The paper will develop students' understanding of theoretical and empirical industrial organization and institutions, including its application to public policy issues. It will provide useful knowledge for students wishing to embark on careers in industry, consulting, policy making or in the City, as well as a solid foundation for postgraduate courses in economics and management.

### **Lecture courses**

The paper consists of the following three lecture courses:

**Industrial Organization** (Dr M Crowley, 8 lectures, weeks 1-4, Michaelmas term)

**Institutions and Industrial Policy** (Prof C Teulings, 16 lectures, weeks 1-8, Michaelmas term)

**Trade & Industry** (Dr M Crowley, 8 lectures, weeks 1-8, Lent term)

The paper assumes familiarity with intermediate microeconomics (including game theory) and basic econometrics.

### **Basic readings**

The following textbooks will be referenced in the lectures:

Tirole (1988). *The Theory of Industrial Organization*. MIT Press.

McLaren (2013). *International Trade*. Wiley.

Useful background reading:

Diamond (1997). *Gun, Germs, and Steel*, Random House.

The paper will also draw upon other readings and journal articles that will be recommended in the lecture courses.

### **Supervisions**

Supervision topics will be made available at the beginning of each lecture course. The Teaching Fellows for the paper are to be determined.

### **Examination**

The examination paper is divided into two sections. Students are asked to answer one out of two questions from Section A, and two out of four questions from Section B. Section A is designed to provide deeper analytical understanding of models presented in the lectures. Section B is essay-based. Questions may require the use of elementary mathematical methods. Past examination papers are available from the Faculty webpage.