

Industrial Organization (Theoretical)

ECON 61100 (Masters' Level)

HKUST, Department of Economics
Spring 2022

Professor Huanxing Yang (Ohio State University, Department of Economics, visiting HKUST)

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Course Objectives: Industrial Organization (IO) studies how market functions. This course will provide you with useful tools for understanding research in IO and firms' business strategies. The aim is to give a solid ground in understanding the structure of markets, firms' strategic behavior, and government's regulation policies. The emphasis is on markets characterized by imperfect competition. This course is (almost) purely theoretical.

Prerequisite: Microeconomics (Masters' level)

Course Requirements:

1. Homework assignments. There will be 6 homework assignments, about one in every two weeks.
2. One midterm and one final exam.
3. Class presentation (optional). For students who aim to apply for PhD programs in the future, you will have an option to present a paper in the class (30 minutes presentation) at the end of semester. The paper should be listed in the reading list, dated (including) after 2007.

Assessment Scheme: Homework assignments (30%); Midterm exam (30%); Final exam (40%).

Recommended Textbooks:

Tirole. *The Theory of Industrial Organization*, MIT Press, 1988.

Vives. *Oligopoly Pricing: Old Ideas and New Tools*, MIT Press, 1999.

Whinston. *Lectures on Antitrust Economics*, MIT Press, 2008

Office Hours: by appointment.

Course Schedule: meet every week on Tuesdays 9-11:50 am for the whole semester.

Topics Covered

1. Quantity Competition, Mergers
2. Price Competition
3. Price Discrimination
4. Consumer Search
5. Advertising
6. Reputation
7. Cartels and Collusion
8. Dynamic Competition, Entry deterrence
9. Bundling and Tying
10. Vertical Relations
11. Network Externalities and Two-sided Markets