



GRADUATE SCHOOL

GM0755 Advanced Industrial Organization, 7.5 credits

Avancerad industriell organisation, 7,5 högskolepoäng

Second Cycle

Confirmation

This course syllabus was confirmed by Graduate School on 2021-09-27 and was last revised on 2022-06-14 to be valid from 2023-01-16, spring semester of 2023.

Field of education: Social Sciences 100%

Department: Graduate School

Position in the educational system

The course Advanced Industrial Organization is a course within the Master of Science programmes at the Graduate School, School of Business, Economics and Law, University of Gothenburg.

Main field of studies

Economics

Specialization

A1N, Second cycle, has only first-cycle course/s as entry requirements

Entry requirements

To be eligible for the course Advanced Industrial Organization, the participant must fulfil the entrance requirements for the Master of Science programme in Economics or Master of Science programme in Finance. For programme specific entrance requirements, see programme syllabus.

Learning outcomes

On successful completion of the course, the student will be able to:

1. use common workhorse models to analyze issues related to market competition
2. use common empirical techniques to measure competition
3. know basic elements of competition policy.

Course content

Understanding how competition works is fundamental for any firm devising its market strategy, e.g. when setting price, choosing quality, deciding whether to enter a market or acquiring a rival firm. Competition is also a key aspect for any investors analyzing the performance of individual firms or markets. Topics may vary from year to year and include for instance horizontal mergers, vertical restraints, cartels, predation, price discrimination and auctions.

A thorough analysis of competition is also fundamental for many regulatory authorities and consequently for those who need to deal with these authorities or to predict their decisions. Examples of issues are:

- Why did the European Commission prohibit Volvo's acquisition of Scania?
- Why can Post & Telestyrelsen interfere with TeliaSonera's pricing?
- Will deregulation improve the Swedish pharmacy market?
- Why do we subsidize newspapers?

This course in Advanced Industrial Organization will help you analyze market competition: How do firms compete in the market? How strong is the competition? What can firms do to affect the strength of competition? What effect does competition have on firms' profits and consumers' welfare?

The first part of the course presents the basic theory of competition. You will learn to use the most common workhorse models such as Cournot, Bertrand and Hotelling. You will learn about the strategic role of cost differences, product differentiation and entry. You will also learn to think about the connection between theory and observable behavior. The first part of the course also introduces some empirical techniques that can be used to measure the strength of competition. You will learn to estimate both structural oligopoly models and entry models. The second part of the course will focus on competition policy and regulation.

Microeconomic theory, especially game theory, as well as applied econometrics will be extensively used throughout the course.

Form of teaching

Lectures, problem solving, empirical labs, competition policy cases.

Language of instruction: English

Assessment

Learning outcome 1 is assessed through an individual written exam.

Learning outcome 2 is assessed through written reports on empirical labs. The lab reports are written in groups.

Learning outcome 3 is assessed through an individual written exam and oral and written presentations of competition policy cases. The students work on the competition policy cases in groups.

Individual exams shall be written individually, cooperation in formulating text, tables, figures etc. is not allowed.

A failed empirical lab or competition policy case can be supplemented to a Pass grade.

If the course coordinator agrees that the reason for absence or non-submission of compulsory elements is valid, then the missing elements can be replaced with alternative assignments.

A student who has taken two exams in a course or part of a course without obtaining a pass grade is entitled to the nomination of another examiner. The student needs to contact the department for a new examiner, preferably in writing, and this should be approved by the department unless there are special reasons to the contrary (Chapter 6 Section 22 of the Higher Education Ordinance).

If a student has received a recommendation from the University of Gothenburg for special educational support, where it is compatible with the learning outcomes of the course and provided that no unreasonable resources are required, the examiner may decide to allow the student to sit an adjusted exam or alternative form of assessment.

In the event that a course has ceased or undergone major changes, students are to be guaranteed at least three examination sessions (including the ordinary examination session) over a period of at least one year, but no more than two years, after the course has ceased/been changed.

The number of examinations is limited to five.

Grades

The grading scale comprises: Excellent (A), Very good (B), Good (C), Satisfactory (D), Sufficient (E) and Fail (F).

For Pass on the course, Pass is required on the written exam and the empirical labs. Presentations of competition policy cases are counted as part of the written exam. The grade (A-E) corresponds to the total score a student obtains on the written exam and the empirical labs.

Course evaluation

The course will be evaluated upon completion. The results of and possible changes to the course will be shared with students who participated in the evaluation and students who are starting the course.