NOVA SCHOOL OF BUSINESS & ECONOMICS

Vasco Santos Office: B220 Spring 2025

1126. INDUSTRIAL ORGANIZATION

(B.S. in Economics, B.S. in Management)

Teaching Assistants	Mariana Costa (mariana.catalao@novasbe.pt), office: Coo3, office hours: Tuesday, 11 a.m. (room B129) or by appointment (send an e-mail message to schedule a meeting). Rúben Bento (ruben.bento@novasbe.pt), office: Coo3, office hours: Thursday, 5 p.m. (room Doo4) or by appointment (send an e-mail message to schedule a meeting). Practical sessions begin in the week starting on Monday. February 10.
Ribliography	Cabral Juís 1004 Economia Industrial Lisbon: McGraw-Hill
bibliography	Cabrai, Euis, 1994, Economia maasmai, Eisbon. Meeraw-tini.
	Cabral, Luís, 2000, Introduction to Industrial Organization, Boston, MA: The MIT Press.
	Ivaldi, Marc, Bruno Jullien, Patrick Rey, Paul Seabright and Jean Tirole, 2003, "The Economics of Tacit Collusion", Final report for DG Competition, European Commission.
	Barros, Pedro Pita, 1998, Exercícios de Economia Industrial, Lisbon: McGraw-Hill.
	Carlton, Dennis and Jeffrey Perloff, 2003, <i>Modern Industrial Organization</i> , 4th. edition, London: Addison-Wesley has many case studies, which are lacking in <i>Economia Industrial</i> . However, its reading is not required.
	Belleflamme, Paul and Martin Peitz, 2015, <i>Industrial Organization: Markets and Strategies</i> , 2nd. edition, Cambridge, UK: Cambridge University Press is a recent textbook that you may find useful to clarify some points of the material. However, its reading is not required either.
	Previous midterm and final exams as well as their solutions are to be found in Moodle.
Course materials	All course materials and information will be posted on Moodle throughout the semester.
Syllabus	Market structure: extent of a market, concentration and volatility measures. Oligopoly models: dominant firm and monopolistic competition; Bertrand, Cournot and Stackel- berg; dynamic models. Market power: collusion (static and dynamic analyses). Barriers to entry: scale economies, strategic behavior; entry and welfare. Mergers and acquisitions: horizontal mergers, vertical integration. Price discrimination: definitions and examples.
Requirements	This course assumes knowledge of microeconomics at the level of Varian, Hal, 2014, <i>Intermediate Microeconomics: A Modern Approach</i> , 9th. edition, London: W.W. Norton. The student should be conversant with the material in chapters 1–6, 8, 9, 12, 14–16 and 18–25, and capable of solving the exercises therein. If this material is utterly foreign to you, IO may not be your best course option at this time. Moreover, knowledge of calculus and optimization at a fairly basic level is also needed.
Objectives	This is a first course in IO. It aims at (i) introducing the main topics of IO and (ii) teaching the main techniques used to deal with those topics. The course adopts a game-theoretic approach to IO modeling.

NOVA SCHOOL OF BUSINESS & ECONOMICS

How to go about it	The best way to learn IO is by solving problems and case studies after learning the theory. By doing so you (i) better understand the theory and (ii) become adept at applying it. Carlton and Perloff (2003) has many case studies worth reading.
Grading	The final grade will equal the weighted average of the grades obtained in the midterm and the regular final exam according to the following weights:
	Midterm
	Students who take the resit final exam—either to try to pass the course or to improve their grade—can choose how their final grade is computed:
	Option 1
	Midterm 40% Resit final exam 60%.
	By choosing this option the student <i>keeps</i> the grade obtained on the midterm exam.
	Option 2
	Resit final exam
	By choosing this option the student <i>drops</i> the grade obtained on the midterm exam.
	The student can choose either option until Friday, June 20, 11:59 p.m. through Moodle. Until then, the student can change its chosen option as often as she or he likes. If the student does not select an option, the resit final exam will account for 100% of the final grade.
Midterm and final exams	The midterm will take place on Monday, May 5 at 5:30 p.m. (rooms to be announced). The regular final exam will take place on Saturday, May 24 at 8:30 a.m. (rooms to be announced). The resit final exam will take place on Saturday, June 21 at 1:30 p.m. (rooms to be announced).

Chapter Conversion			
Economia Industrial	Introduction to Industrial Organization		
Luís Cabral	Luís Cabral		
Chp. 2	Chp. 9		
Chp. 3	Chp. 7		
Chp. 4	Chp. 8		
Chp. 5	Chps. 14, 15		
Chp. 6	Chps. 15, 11		
Chp. 7	Chps. 10, 11		

Chapter Conversion			
Economia Industrial,	Modern Industrial Organization, 2nd ed.		
Luís Cabral	Carlton & Perloff		
Chp. 2	Chp. 9*		
Chp. 3	Chps. 5*, 7, 8*		
Chp. 4	Chp. 6*		
Chp. 5	Chps. 3*, 10		
Chp. 6	Chps. 2*, 13*		
Chp. 7	Chps. 11, 12*		

*Only part of the chapter is to be read.

	Chapter Conversion				
	Economia Industrial	Modern Industrial Organization, 3rd ed.			
	Luís Cabral	Carlton & Perloff			
Ì	Chp. 2	Chp. 8*			
	Chp. 3	Chps. 4*, 6, 7*			
	Chp. 4	Chp. 5*			
	Chp. 5	Chps. 3*, 11			
	Chp. 6	Chps. 2*, 12*			
	Chp. 7	Chps. 9, 10*			

*Only part of the chapter is to be read.