

**Part IIB Paper 9**  
**Industry**  
**Paper Co-ordinator: Dr R Ritz**  
[rar36@cam.ac.uk](mailto:rar36@cam.ac.uk)

**Paper Content**

This paper covers the economic analysis of firm behaviour in imperfectly competitive markets. The approach taken combines the application of microeconomic theory with empirical evidence from individual industries. It covers a wide range of topics, including pricing strategies, auctions, research & development, mergers, and competition policy.

**Objectives**

The paper will develop students' understanding of theoretical and empirical industrial organization, including its application to public policy issues. It will provide useful knowledge for students wishing to embark on careers in industry, consulting 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 four lecture courses:

*Industrial Organization I* (Dr R Ritz, 8 lectures, weeks 1–4, Michaelmas term)

*Industrial Policy* (Dr R Ritz, 8 lectures, weeks 5–8, Michaelmas term)

*Theory of the Firm* (Dr R Ritz, 12 lectures, weeks 1–6, Lent term)

*Industrial Organization II* (Prof S Goyal, 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 provide useful reading:

Cabral (2000). *Introduction to Industrial Organization*. MIT Press.

Carlton & Perloff (2004). *Modern Industrial Organization* (4<sup>th</sup> ed.). Addison Wesley.

Church & Ware (2000). *Industrial Organization: A Strategic Approach*. McGraw-Hill.

Pepall, Richards & Norman (2008). *Industrial Organization: Contemporary Theory and Empirical Applications* (4<sup>th</sup> ed.). Blackwell Publishing.

Scherer & Ross (1990). *Industrial Market Structure and Economic Performance*. Houghton-Muffin Company.

Shy (1995). *Industrial Organization: Theory and Applications*. MIT Press.

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

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 Fellow for the paper is Raphael Heffron.

## **Examination**

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