



INDUSTRIAL ECONOMICS

(Industrial Organization)

Spring 2025

Instructor: Chrysovalantou (Valanta) Milliou, Professor

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Communication with instructor: cmilliou@aeub.gr

Office hours: Monday 14:15 - 16:15

(AUEB main building, central part -corridor across room Δ0)

Eclass: <https://eclass.aueb.gr/courses/ERASMUS151/>

(Course announcements; lecture slides; (solved) problem sets)

Teaching Method: Weekly lectures (Monday 11:00 - 14:00)

Level & ECTS credits: Advanced (appropriate mainly for 3rd or 4th year students of Economics), 6 ECTS

Prerequisite knowledge:

- Intermediate knowledge of Microeconomics (including basic knowledge of Game Theory)
- Linear algebra & basic calculus (optimization (profit maximization) problems - derivatives/differentiation)

Course Content & Outline:

Firms take decisions in response to prevailing market conditions. Industrial Economics (Industrial Organization) studies the decisions of firms in markets with *imperfect competition* (most markets nowadays are such markets) and their effects on market participants.

It analyses the way firms compete - interact and decide strategically in different types of imperfectly competitive markets. It also explores a number of business practices, such as cartels and mergers, and their implications on welfare.

It does so using tools of Microeconomics and basic Game Theory, combining theoretical models with real world applications.

The following topics will be covered:

1. Basic Concepts
2. Monopoly
 - Basic Monopoly
 - Multi-product Monopoly
 - Price Discrimination
3. Static Oligopoly
 - Competition in Prices (Bertrand Model)
 - Competition in Quantities (Cournot Model)
4. Dynamic Oligopoly
 - Sequential Decisions (Stackelberg Model)
 - Entry
5. Product Differentiation
 - Horizontal Product Differentiation (Hotelling Model)
 - Vertical Product Differentiation
6. Cartels & Tacit Collusion
7. Horizontal Mergers
8. Vertically Related Markets
9. R&D

Course Assessment:

- 30% mid-term written exam
- 70% final written exam

Main Textbook:

Belleflamme, P. and M. Peitz, (2015), *Industrial Organization: Markets and Strategies*, Cambridge University Press

Other Textbooks:

Pepall, L., D. Richards and G. Norman (2014), *Industrial Organization: Contemporary Theory and Empirical Applications*, Wiley Editions

More introductory: Cabral, L. (2000), *Introduction to Industrial Organization*, MIT Press

More advanced: Tirole, J. (1988), *Theory of industrial organization*, MIT Press

Competition policy: Motta, M. (2004), *Competition Policy: Theory and Practice*, Cambridge University Press