



LUND
UNIVERSITY

School of Economics and Management

NEKH21, Economics: Industrial Organisation, 7.5 credits

Nationalekonomi: Industriell organisation, 7,5 högskolepoäng
First Cycle / Grundnivå

Details of approval

The syllabus was approved by The Board of the Department of Economics on 2011-06-07 and was last revised on 2019-11-05. The revised syllabus applies from 2019-11-05, spring semester 2020.

General Information

This is a single subject intermediate course in economics. The course is optional within a number of undergraduate programmes at Lund University

Language of instruction: English

In some semesters the course can be taught in Swedish, see the appropriate application catalogue.

Main field of studies

Economics

Depth of study relative to the degree requirements

G1F, First cycle, has less than 60 credits in first-cycle course/s as entry requirements

Learning outcomes

Knowledge and understanding

Students shall be able to understand and account for:

- the underlying principles that determines market structure,
- the most important methods used by a monopoly to exploit its market power,
- basic oligopoly theory concerning competition with quantity and price,
- various activities limiting competition such as cartels and barriers to entry,
- the motives for company mergers and their most important effects,
- various forms of vertical competition among companies and their effects,
- factors that affect companies' investment in research and development.

Competence and skills

Students shall have demonstrated an ability to independently:

- analyse market structure and identify relevant markets,
- state and analyse effects of various price setting and product differentiation methods that can be used by a monopoly,
- derive the equilibrium in simple models of oligopoly and be able to account for the economic implications of the model,
- analyse the effects and background of various activities for limiting competition,
- analyse the consequences of company mergers,
- state and analyse effects of various forms of vertical cooperation,
- apply simple models for analyzing what affects companies investment in research and development,
- communicate and explain their analyses and conclusions both in speech and in writing.

Judgement and approach

Students shall have developed the ability to pursue further studies in the subject and should be able to search for and evaluate information with a high degree of independence.

Course content

The course contains an overview of the theoretical tools and models used to analyse issues of how firms act on markets towards consumers and other firms. In many cases, the course focuses on models of markets that are more specific and more realistic than traditional microeconomic theory where general results often are emphasized. After the analysis of the concept of market structure, the course mainly consists of three parts. The first part analyses how a monopolist exploits its market power through price discrimination, horizontal and vertical product differentiation and the offering of packages. The second part contains a strategic analysis of how firms interact with each other according to the traditional theory of oligopoly and according to newer models based on non-cooperative game theory. This part also contains the law governing restrictive practices and recent cases of cartels and misuse of a dominant position from an economic perspective. The third part concerns contractual agreements among firms. The focus is on various forms of vertical contracts such as vertical pricing and exclusive territories, but horizontal contracts are also analysed. Finally, theories on R&D and patents are treated.

Course design

1. Teaching: Tuition consists of lectures and student presentations of home assignments. Assigned readings are an integral part of the teaching methods.

Assessment

1. Examination: Written exams take place at the end of the course. There will be further opportunities for examination close to this date. A voluntary home assignment that is carried out in a group of students will be graded, and the marks carried forward to examinations taken the same term.
2. Limitations on the number of examination opportunities: –

The University views plagiarism and other academic dishonesty very seriously, and will take disciplinary action against students for any kind of attempted malpractice in connection with examinations and assessments. Plagiarism is considered to be a very serious academic offence. The penalty that may be imposed for this, and other unfair practices in examinations or assessments, includes suspension from the University for a specified period.

The examiner, in consultation with Disability Support Services, may deviate from the regular form of examination in order to provide a permanently disabled student with a form of examination equivalent to that of a student without a disability.

Subcourses that are part of this course can be found in an appendix at the end of this document.

Grades

Marking scale: Fail, E, D, C, B, A.

1. Grading: The official grading scale is A, B, C, D, E and Fail.
2. Weighting grades from different parts of the course: –
3. Grading scales for different parts of the course: –

Entry requirements

At least 20 ECTS-credits from the introductory course in economics, of which at least 7.5 ECTS-credits in microeconomics are needed for admission till all intermediate courses in economics. Mathematical ability corresponding to the level of NEKG33 "Mathematical Methods för Economics" are strongly recommended.

Further information

1. Transitional regulations: This course replaces NEKK16 "Industrial Organisation".
2. Limitations in the period of validity: –
3. Limitations: This course may not be included in the same degree as NEK603 "Industrial Organisation" or NEKK16 "Industrial Organisation".
4. Similar courses: –
5. Limitations in renewed examination: –

Subcourses in NEKH21, Economics: Industrial Organisation

Applies from V12

1101 Industrial Organisation, 7,5 hp
Grading scale: Fail, E, D, C, B, A