



UNIVERSITÀ DEGLI STUDI DI PALERMO

DEPARTMENT	Scienze Economiche, Aziendali e Statistiche
ACADEMIC YEAR	2022/2023
BACHELOR'S DEGREE (BSC)	ECONOMICS AND BUSINESS ADMINISTRATION
SUBJECT	INDUSTRIAL ECONOMICS
TYPE OF EDUCATIONAL ACTIVITY	C
AMBIT	10675-Attività formative affini o integrative
CODE	02785
SCIENTIFIC SECTOR(S)	SECS-P/06
HEAD PROFESSOR(S)	TESORIERE ANTONIO Professore Associato Univ. di PALERMO
OTHER PROFESSOR(S)	
CREDITS	6
INDIVIDUAL STUDY (Hrs)	102
COURSE ACTIVITY (Hrs)	48
PROPAEDEUTICAL SUBJECTS	02796 - POLITICAL ECONOMICS
MUTUALIZATION	
YEAR	2
TERM (SEMESTER)	2° semester
ATTENDANCE	Not mandatory
EVALUATION	Out of 30
TEACHER OFFICE HOURS	TESORIERE ANTONIO Tuesday 15:00 17:00 https://teams.microsoft.com/l/team/19%3ae61c893aa2e844c3bceddaee200bb0f0%40thread.tac%20conversations?groupId=89c318c6-7437-405c-88ef-2e08e1602869&tenantId

DOCENTE: Prof. ANTONIO TESORIERE

PREREQUISITES	I assume the student knows the basic elements both of Economia Politica (Microeconomics) and of Matematica Generale. If s/he has already studied Game Theory, then s/he may want to go over the Nash Equilibrium and the Subgame Perfect Nash Equilibrium.
LEARNING OUTCOMES	I want the student to understand the material in the syllabus, to understand causes and implications of market power as well as the equilibrium concepts and the comparative statics of the models we will study in this course. I want the student to understand the economics both of the hypothesis and of the equilibrium concepts underlying each model; to be able to evaluate the welfare effects of an industry shock, and to compare different scenarios in terms of social welfare; to use the technical notation correctly, and to be able to solve the exercises we will do throughout the course.
ASSESSMENT METHODS	To evaluate the student I will do a written exam followed by an oral discussion. The written part will consist of at least three exercises and may also include multiple-choice questions. In the typical case each exercise and question carries equal weight so that if the student does not answer any exercise correctly s/he does not pass, if s/he answers only one exercise s/he gets the pass grade of 18, and so forth naturally. There may be variations on the typical case with weights reflecting the importance of exercises and questions. Grades from the written exam may be adjusted following the oral discussion. During the discussion the student will justify her/his answers from the written assignment.
EDUCATIONAL OBJECTIVES	The course is an introduction to industrial organization that focuses on market power and on oligopoly pricing with homogeneous goods.
TEACHING METHODS	I will give 24 classes, of two hours each.
SUGGESTED BIBLIOGRAPHY	Materiale didattico distribuito a lezione + Pepall, L., Richards, D., Norman, G., & Calzolari, G. (2013). Organizzazione Industriale. McGraw-Hill. ISBN 9788838667831

SYLLABUS

Hrs	Frontal teaching
1	Introduction. The syllabus. Preliminaries: Maximization in R.
2	Costs
4	Perfect competition in the short and in the long run
2	Social welfare. Market power.
2	Monopolio con prezzi lineari.
6	Monopoly, non linear prices, and price discrimination (i, ii, iii degree)
4	Games in normal form and the Nash Equilibrium
2	Price competition with homogeneous goods (Bertrand)
10	Capacity constraints and quantity competition (Cournot). Inefficiencies. Strategic substitutability. Comparative statics. Concentration. Concentration and welfare. Horizontal mergers.
3	Strategic behavior, sequential games, and the Subgame Perfect Nash Equilibrium
7	Sequential quantity competition and commitment (Stackelberg). Overproduction. Entry deterrence. Taxonomy of industry structures and fixed costs.
5	R&D. Incentives and market structure: Substitution and Efficiency effect. Patents. Optimal patent length. Optimal patent length and breadth. Evidence on patents and innovation.