Toulouse School of Economics

Business economics

Course title - Intitulé du cours	Business Economics
Level / Semester - Niveau /semestre	M2/S1
Teacher - Enseignant responsable	Isis Durrmeyer – Andrew Rhodes
Lecture Hours - Volume Horaire CM	30
TA Hours - Volume horaire TD	
TP Hours - Volume horaire TP	
Course Language - Langue du cours	English
TA and/or TP Language - Langue des TD et/ou TP	

Teaching staff contacts – Coordonnées de l'équipe pédagogique :

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T686, office hours : by appointment in person or zoom.

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T673

Course Objectives – Objectifs du cours :

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The objective of the course is to familiarize students to work with data to analyze industrial organisation problems. The course reviews structural econometric methodologies widely used in empirical industrial organization. At the end of the course, students are expected to know carry out an empirical research project, how to interpret the results and the limits of the analysis. The course will be devoted to the study of demand modeling. The applications will focus on policy issues (antitrust and market regulation) and business implications.

Suggestive outline

1. Demand and Supply Models of Product Differentiation
2. Measuring Market Power, Welfare and Merger Analysis
3. Industry regulation
4. New Models of price determination

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We will study firm strategy, addressing questions such as the following:
What markets should a firm be in, and which inputs should it produce itself? How can firms incentivise workers, and what problems may arise? How should incumbent firms respond to (the threat of) entry?
When should firms differentiate from their competitors, and how? What is the effect of switching costs and other forms of repeat purchases on firm pricing and welfare?
We will use theory, empirical papers, and occasional case studies, to address these questions.

Prerequisites – Pré requis :

M1 Industrial Organization and Empirical Industrial Organization

Practical information about the sessions – Modalités pratiques de gestion du cours :

Durrmeyer : 1.5 hours every week, on Thursdays 15.30-17.00.
Rhodes : TBA

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<u>Grading system – Modalités d'évaluation :</u>

Exam in December.

<u>Bibliography/references – Bibliographie/références :</u>

Durrmeyer

Reading list:

- Berry, Steven, James Levinsohn, and Ariel Pakes. "Automobile prices in market equilibrium" *Econometrica* 63.4 (1995): 841-890.
- Nevo, Aviv. "Measuring market power in the ready-to-eat cereal industry." *Econometrica* 69.2 (2001): 307-342.
- Nevo, Aviv. "Mergers with differentiated products: The case of the ready-to-eat cereal industry." *The RAND Journal of Economics* (2000): 395-421.

Detailed reading list provided in class.

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There is no particular textbook. Relevant articles will be highlighted at the end of each set of lecture notes.