Texts


is strongly recommended. Useful surveys are contained in:


Required Reading

1. **Theory of the Firm**

Markets versus hierarchies, transaction costs, incomplete contracts, property rights. Objectives of the firm, the separation of ownership and control, managerial incentives, the takeover mechanism.


2. **Oligopoly Theory**

(a) Cournot and Bertrand.

TIROLE, pages 209-224.

(b) Cooperation in repeated games.

TIROLE, pages 239-264, 268-269.

(c) Product differentiation

TIROLE, pages 277-285, 296-300.
(d) Price competition vs Quantity competition


3. Entry and Strategic Behavior

(a) Entry and welfare, wars of attrition, entry barriers, contestability.

TIROLE, pages 305-313


(b) Strategic investment and entry deterrence and accommodation.

TIROLE, pages 207-208, 314-337


(c) Limit pricing, predatory pricing

TIROLE, pages 361-380.


Extra topic: IO and Auctions

Optional Additional Readings

Topic 1


Topic 2

(a) Cournot and Bertrand


(b) Repeated Games and Collusion


SHAPIRO, C. Theories of Oligopoly Behavior. In Schmalensee and Willig, eds., especially pages 356-381.


(c) Product Differentiation


(d) Price Competition vs Quantity Competition


**Topic 3**

(a) Entry and welfare, wars of attrition, entry barriers, contestability.


GILBERT, R. Mobility Barriers and the Value of Incumbency, in Schmalensee and Willig, eds., especially pages 476-485.


(b) Strategic investment and entry deterrence and accommodation.


(c) Limit pricing, predatory pricing.

TIROLE, pages 123-126, and Ex 11.12 (pages 440 and 456).

**Extra Topic**

Other References

Topic 1


**Topic 2 (b)**


**Topic 2 (c)**


Topic 3 (b)


Topic 3 (c)


and also MILGROM, P., AND ROBERTS J. in the same issue.

Extra Topic


(All the Klemperer papers can be found at [www.paulklempner.org](http://www.paulklempner.org).)