



B.E. International Program

Faculty of Economics, Thammasat University



Course Syllabus

EE481 Industrial Economics

Semester: 2/2017 (January 8 – May 20, 2018)

Number of credits: 3 credits (3-0-6)

Instructor: **Asst. Prof. Dr. Wanwiphang Manachotphong**
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Class Schedule: Wednesday and Friday, 14.00-15.30 hrs.

Class Room: Room 303, Faculty of Economics

Course Description:

The class studies behaviors of production unit and relationships among the units under different market structures by analyzing producer behavior, market structure, conduct and performance, the analysis of price theory using game theory as an analysis tool.

Prerequisites: EE311

Course Objectives:

The course would study behaviors of firms in imperfectly competitive markets. First, the class will start with the methodology used in this study such as S-C-P model and game theory. Then, firm strategies in oligopoly market will be examined. The firm strategies would include both pricing and non-pricing strategies. In addition, some regulatory tools to prevent abuse of market-power and promote market efficiency will be covered.

Teaching Materials:

Textbooks:

1. Carlton and Perloff, Modern Industrial Organization, 4th edition, Addison-Wesley, 2005. **** Main Textbook ****
2. Church and Ware, Industrial Organization: A Strategic Approach, McGraw-Hill, 2000.
3. Rasmusen, Games & Information, 3rd. Edition, Backwell, 2001.
4. Tirole, Industrial Organization, The MIT Press, 1989.

Recommended readings:

1. Dixit, A., "a Model of duopoly suggesting a theory of entry barriers," The Bell Journal of Economics, 10 No.1, 20-32, 1979.
2. Kreps and Wilson, "Reputation and Imperfect Information", Journal of Economic Theory, 27, 253-279, 1982.
3. Milgrom and Roberts, "Price and Advertising Signals of Product Quality", Journal of Political Economy, 94 No.4, 1986.
4. Nevo and Wolfram, "Why do manufacturers issue coupons? An empirical analysis of breakfast cereals", RAND Journal of Economics, 33 No.2, 319-339, 2002.

Other Readings:

1. Harvard Business review (<http://hbr.org>)
2. The Economist (<http://www.economist.com/>)
3. Prachachat Online (<http://www.prachachat.net/>) (หนังสือพิมพ์ประชาชาติธุรกิจ)
4. Bangkokbiznews (<http://www.bangkokbiznews.com/home/>) (หนังสือพิมพ์กรุงเทพธุรกิจ)

Teaching Plan:

Topics

1. Introduction and Theory

Overview

CP 1 or CW 1

The Firm and Cost / Theory of the Firm

CP 2 or CW 3

2. Dominant Firm

Dominant Firm

CP 4

**You should have learned about monopoly already from EE311.*

3. Game Theory

Static Games

R 1, 2, 3

Dynamic Games

R 4, 5, 6

4. Oligopoly

Cartel

CP 5

Cournot model

CP 6 or CW 8.2

Bertrand model

CP 6 or CW 8.3

Multi-period Models of Oligopoly

CP 6 or CW 10

Industry Structure and Performance

CP 8

5. Business Practices Strategies and Conduct

Price Discrimination

CP 9, CP 10

Strategic Behavior

CP 11

Vertical Integration and Vertical Restrictions

CP 12

6. Government Policies

Antitrust

CP 19 or CW 19

Regulation

CP 20 or CW 24

7. Other Issues (if time allows, we will study some of these topics)

Production Differentiation

CP 7 or CW 11

Advertising

CP 14 or CW 17

Information

CP 13

R&D and Patent

CP 16 or CW 18

Evaluation Methods:

Homework and Pop Quizzes 10%

Short Essays 15%

(3 short essays after mid-term. Only the best 2 counts. Topics will be on taught or on current industrial organization issues. 2-3 Students per essay)

Presentation 5% (Group of 5 $\pm$ 1, presentations are in the last 2 classes)

Mid-term Examination 30% **(Wednesday, March 14, 2018; 15.00-17.00 hrs.)**

Final Examination 40% **(Thursday, May 23, 2018: 09.00-12.00 hrs.)**

Class Policy:

Late homework is not acceptable.

Other Details: Academic Calendar

Classes Begin: January 8

Last Day of Classes: May 20

Remarks:

- ♦ Second semester begins January 8, 2018
- ♦ Period of withdrawal without “W” January 8 - 22, 2018
- ♦ **Mid-Term Examination Period March 12 - 17, 2018**
(Wednesday, March 14, 2018; 14.00-17.00 hrs.)
- ♦ Course withdrawal with “W” March 28 – April 2, 2018
- ♦ The University Sports of Thailand will be held between
January 22–February 3, 2018
- ♦ The Songkran Festival Holiday April 12 – 17, 2018
- ♦ Last day of class May 20, 2018
- ♦ **Final Examination Period May 21 - June 2, 2018**
(Wednesday, May 23, 2018: 09.00-12.00 hrs.)