B.E. International Program

Faculty of Economics, Thammasat University

Course Outline

EE481: Industrial Economics

Semester:	1/2011 (August 8 – November 30, 2011)
Instructor:	Dr. Wanwiphang Manachotphong
	wanwiphang@econ.tu.ac.th
Time:	Wednesday and Friday, 14.00 – 15.30 hrs.
Room:	304 Faculty of Economics, Tha Prachan
Office hours:	Wednesday and Friday, 16:00 – 17:00 hrs. (or by appointment)
Prerequisite:	EE 311

Course Description:
(Curriculum 2004) Study of structure, conduct and performance of firm, relationship of various market structures and business operations and resource allocation, as well as an analysis of firms strategic behavior.
(Curriculum 2009) Behavior of production unit and relationship 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.

Course Objectives:
In this course, we will study behaviors of firms in imperfectly competitive markets. First, to provide a simple benchmark, characteristics and decisions made by a monopoly will be discussed. Then, the more complex oligopoly market will be examined. We will use game-theoretic approaches to analyze firms' decisions. Such decisions would be on pricing strategies, non-pricing strategies, product-differentiation, product quality, advertising, R&D, etc. In addition, some regulatory tools to prevent abuse of market power and promote market efficiency will be covered.

Textbooks:
1. ** Carlton, D.W. and J.M. Perloff, ***Modern Industrial Organization***, 4th Edition, Addison-Wesley, 2005. (abbreviation = CP)
   ****** used as the main text.

2. *Church, J. and R. Ware, ***Industrial Organization: A Strategic Approach***, International Edition, McGraw-Hill, 2000. (abbreviation = CW)
   *used as the main text for some lessons. This book is available free online for non-commercial purposes.

3. Rasmusen, E., ***Games & Information***, 3rd. Edition, Backwell, 2001.

4. Tirole, J., ***Industrial Organization***, The MIT Press, 1989.

Grading:

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.)
Presentation	5% (Group of 5 ±1, presentations are in the last 2 classes)
Midterm Exam	30% (Wednesday 28 September 2011, 14:00 – 15:30 hrs.)
Final Exam	40% (Wednesday 14 December 2011, 9:00 – 12:00 hrs.)

*****Late homeworks count as 50% of your actual marks. Late essays not accepted. Group presentation takes 15 minutes. Any over-time costs 1% per 2 minutes.

*If there is any handouts or additional readings, it will be posted on Moodle prior to class. Students are responsible to review the topic ahead of the class for more effective learning.

Topics

1. Introduction and Theory

Overview	**CP 1** or CW 1
The Firm and Cost / Theory of the Firm	**CP 2** or CW 3

**There is a quiz on cost concepts (which you already learned in EE311) in the third class.*

2. Dominant Firm

Dominant Firm	**CP 4**

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

3. Game Theory

Static Games	**CW 7**
Dynamic Games	**CW 9**

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**

7. Government Policies

Antitrust	**CP 19** or CW 19
Regulation	**CP 20** or CW 24

8. Other Issues

Production Differentiation (if time allows)	**CP 7** or CW 11
Advertising	**CP 14** or CW 17
R&D and Patent	**CP 16** or CW 18