



B.E. International Program

Faculty of Economics,
Thammasat University



Course Outline

EE481 Industrial Economics

Semester 2/2015 (January 18 – May 14, 2016)

Number of credits: 3 credits

Lecture Time: Wednesdays and Fridays, 2.00 - 3.30 PM

Instructors: Dr. Wanwiphang Manachotphong
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Email: wanwiphang@econ.tu.ac.th
Office hours: Wednesdays 11am-12noon or by appointment

Dr. Pornthep Benyaapikul
Office: Room 510, Faculty of Economics
Email: pornthep@econ.tu.ac.th
Office hours: by appointment (please email)

Course Description:

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.

Prerequisites: EE 311

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.

In terms of learning goals, students are expected to develop critical thinking, quantitative reasoning, communication and lifelong learning skills. There will be 3 forms of assignments - homework, essays and group presentation. For the homework (mostly are problem sets), students are expected to practice their critical thinking and quantitative reasoning skills. For the essays and group presentation, students are expected to develop and improve critical thinking, communication and lifelong learning skills. Students are expected to be able to apply economic tools in solving and explaining firms and business behaviors.

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.
*used as the main text for some lessons. This book is available free online for non-commercial purposes.
4. Tirole, J., ***Industrial Organization***, The MIT Press, 1989.
* more advanced materials for those who would like to explore.

Other teaching materials:

5. PowerPoint presentations will be uploaded on Moodle at least 1 days prior to class.

Other readings:

6. Harvard Business Review(<http://hbr.org/>)
7. The Economist (<http://www.economist.com/>)
8. Prachachat Online (<http://www.prachachat.net/>) (หนังสือพิมพ์ประชาชาติธุรกิจ)
9. Bangkokbiznews (<http://www.bangkokbiznews.com/home/>) (หนังสือพิมพ์กรุงเทพธุรกิจ)

Topics

1. Introduction and Theory

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

Dominant Firm CP 4

3. Game Theory

Static Games	R 1, 2, 3
Dynamic Games	R 4, 5, 6

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

Price Discrimination **CP 9, CP 10**

<<<<<<<<<<<<<<<<<< Midterm Exam >>>>>>>>>>>>>>>>>>>

After midterm (March 14 - May 14 by Dr.Pornthem Benyaapikul)

Strategic Behavior	CP 11
Vertical Integration and Vertical Restrictions	CP 12

Antitrust **CP 19** or **CW 19**

Regulation **CP 20** or **CW 24**Production Differentiation **CP 7 or CW 11**Advertising **CP 14** or **CW 17**Information CP 13R&D and Patent **CP 16** or **CW 18**

Grading:

Homework and Pop Quizzes	10%	
Presentation	5%	(Group of 5 $\pm$ 1, presentations are in the last 2 classes)
Midterm Exam	40%	(March 9, 2016, 2:00 – 3:30 PM)
Final Exam	45%	(May 18, 2016 - 9:00AM – 12 noon)

*** Late homeworks count as 50% of your actual marks.**

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

Important Dates:

Classes Begins	January 18, 2016
Adding and Dropping Courses	January 18 – February 1, 2016
Midterm Exam Period	March 7 - 12, 2016 (No Lecture)
Course Withdrawal with “W”	March 23 – 28, 2016
Class Ends	May 14, 2016