B.E. International Program

Faculty of Economics,
Thammasat University

Course Outline

EE481 Industrial Economics

Semester 1/2015 (August 17 – December 4, 2015)

Number of credits: 3 credits

Lecture Time: Wednesdays and Fridays, 2.00 - 3.30 PM

Instructor:
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Office hours: Wednesdays 11am-12noon or by appointment

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. Bangkokbixnews (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

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. 1-2 Students per essay)

Presentation	5%	(Group of 5 ±1, presentations are in the last 2 classes)
Midterm Exam	30%	**(October 7, 2015, 2:00 – 3:30 PM)**
Final Exam	40%	**(December 17, 2015, 9:00 AM – 12:00 Noon)**

*** 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 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	August 17, 2015
Adding and Dropping Courses	August 17 – 31, 2015
Midterm Exam Period	October 5 - 10, 2015 (No Lecture)
Course Withdrawal with "W"	October 21 – 26, 2015
Class Ends	December 4, 2015