



# B.E. International Program

## Faculty of Economics, Thammasat University



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### Course Outline

#### EE481 Industrial Economics

Semester 1/2012 (August 14 – December 1, 2012)

**Number of credits:** 3 credits

**Lecture Time:** Wednesdays and Fridays, 9.30 - 11.00 hrs

**Lecture Venue:** Room 202, Faculty of Economics

**Instructor:** Dr. Wanwiphang Manachotphong

Office: Room 525, Faculty of Economics

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Office hours: Wednesdays and Fridays, 13.30 – 14.30 hrs.  
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 economics tools in solving and explaining firms and business behaviors.

## Textbooks:

1. \*\* Carlton, D.W. and J.M. Perloff, *Modern Industrial Organization*, 4<sup>th</sup> 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*, 3<sup>rd</sup>. 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 but very fun to read.

## Other teaching materials:

5. PowerPoint presentations will be uploaded on Moodle at least 1 days prior to class.
6. My complete teaching notes will be uploaded before midterm and before final exams.

## Other readings:

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

## Teaching Plan:

### Topics

#### 1. Introduction and Theory

Overview	<b>CP 1</b> or CW 1
The Firm and Cost / Theory of the Firm	<b>CP 2</b> 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	<b>CP 4</b>
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*\*You should have learned about monopoly already from EE311.*

#### 3. Game Theory

Static Games	<b>R 1, 2, 3</b>
Dynamic Games	<b>R 4, 5, 6</b>

#### 4. Oligopoly

Cartel	<b>CP 5</b>
Cournot model	<b>CP 6</b> or CW 8.2
Bertrand model	<b>CP 6</b> or CW 8.3
Multi-period Models of Oligopoly	<b>CP 6</b> or CW 10
Industry Structure and Performance	<b>CP 8</b>

#### 5. Business Practices Strategies and Conduct

Price Discrimination	<b>CP 9, CP 10</b>
Strategic Behavior	<b>CP 11</b>
Vertical Integration and Vertical Restrictions	<b>CP 12</b>

#### 6. Government Policies

Antitrust	<b>CP 19</b> or CW 19
Regulation	<b>CP 20</b> or CW 24

## 7. Other Issues

Production Differentiation (if time allows)	CP 7 or CW 11
Auction	R 13
Advertising	CP 14 or CW 17
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% (Friday, October 5, 2012, 9.30 – 11.00 hrs)

Final Exam 40% (Wednesday, December 19, 2012, 9.00 – 12.00 hrs)

**\*Late homework 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 14, 2012
Adding and Dropping Courses	August 14 – 28, 2012
Midterm Exam Period	October 1 – 6, 2012 (No Lectures)
Course Withdrawal with “W”	October 17 – 22, 2012
Class Ends	December 1, 2012

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