



B.E. International Program

Faculty of Economics, Thammasat University



Course Syllabus

EE481 Industrial Economics

Semester: 1/2017 (August 15 – December 9, 2017)

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

Instructor: **Asst. Prof. Dr. Wanwiphang manachotphong (Section 046401)**

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Class Schedule: Wednesday and Friday, 14.00-15.30 hrs. (Section 046401)

Class Room: Room 201, 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/>) (หนังสือพิมพ์ประชาชนธุรกิจ)
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 ±1, presentations are in the last 2 classes)

Mid-term Examination 30% (**Wednesday, October 4, 2017; 14.00-15.30 hrs.**)

Final Examination 40% (**Thursday, December 14, 2017: 09.00-12.00 hrs.**)

Class Policy:

Late homework is not acceptable.

Other Details: Academic Calendar

Classes Begin: August 15

Last Day of Classes: December 6

Remarks:

- ◆ First semester begins August 15, 2017
- ◆ Period of withdrawal without “W” August 15 - 28, 2017
- ◆ **Mid-Term Examination Period** **October 2 - 7, 2017**
(**Wednesday, October 4, 2017; 14.00-15.30 hrs.**)
- ◆ Course withdrawal with “W” October 18 - 24, 2017
- ◆ The royal cremation ceremonies of HM the late King Bhumibol Adulyadej will be held between October 23 - 29, 2017
- ◆ Last day of class December 8, 2017
- ◆ **Final Examination Period** **December 12 - 24, 2017**
(**Thursday, December 14, 2017: 09.00-12.00 hrs.**)