

EE481 Wrap-Up

Learning Levels

1. **Knowledge** – can describe, label, identify
2. **Comprehension** – able to translate into own words and give examples
3. **Application** – use a concept in a new situation
4. **Analysis** – split concepts into parts and understand the structure (can examine, experiment)
5. **Synthesis** – produce something from different elements (e.g. a report)
6. **Evaluation** – make judgments, justify a solution, etc.

How oxford students take their exams



Back to Industrial Economics

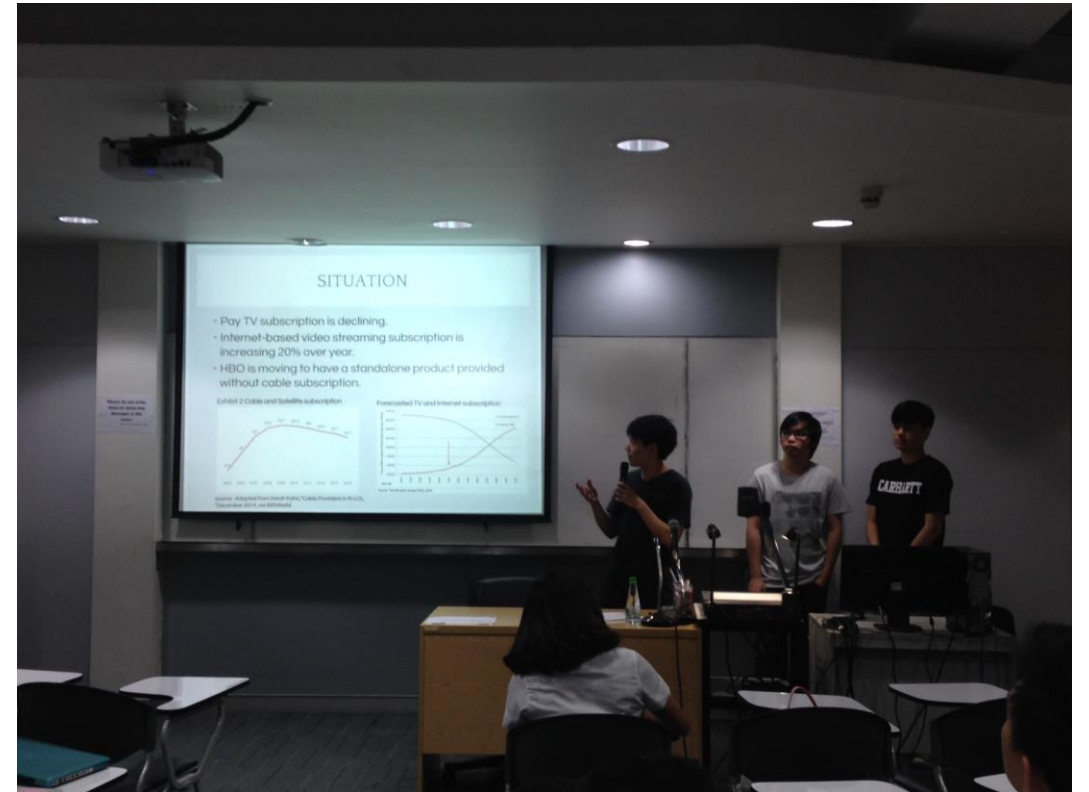
- Firms compete and use strategies (whether or not they learned economics)
- Economists observe their behaviors
 - *Come up with systematic ways to explain their behaviors*
 - *Can apply these systematic models with other situations*
 - *Can modify/refine the models to understand more complex relationship.*

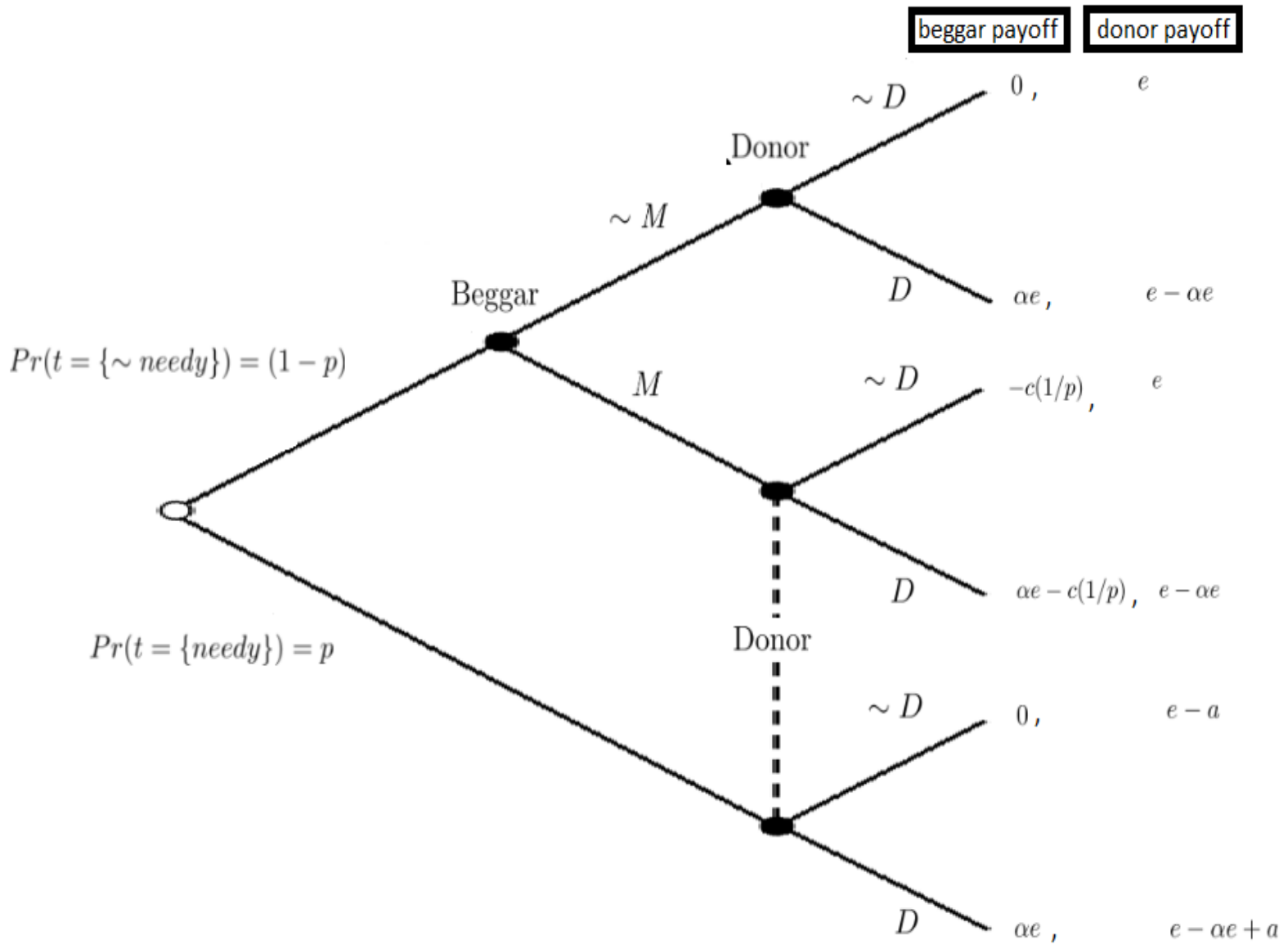
What economist do

1. Observe that all big firms advertise... and ask.. why?
2. Maybe this is a prisoner's dilemma?
3. How about this simple model?

		Firm B	
		Advertise	Don't Advertise
Firm A	Advertise	(4, 3)	(5, 1)
	Don't Advertise	(2, 5)	(3, 2)

4. What if firms face market uncertainties?
asymmetric info? demand growth/decline?
etc? => we refine the simple model above.





Street-Level Charity: Beggars, Donors, and Welfare Policies

By Munoz and Potter (1999)

credit to Bush Tirawit

The Final Exam

- Strategic Behavior
- Vertical Integration and Restraint
- Product Differentiation
- Advertising
- R&D
- Auction
- Regulation and Competition Law

Strategic Behavior

- ❖ What is it? Give examples.
- ❖ When can firms use these strategies successfully?

Strategic behaviors covered in class

- ✓ Predatory pricing
- ✓ Limit pricing
- ✓ Strategic investment, R&D
- ✓ Cooperative strategic behaviors

Vertical Integration & Restraints

- ❖ Double marginalization

- ❖ Vertical Integration

 - Monopoly – Monopoly

 - Monopoly – Competitive

 - Competitive – Monopoly

What about other types of market structure, such as Cournot Oligopoly?

- ❖ Vertical restraint

Product Differentiation

- ❖ Representative consumer model
- ❖ Hotelling model
- ❖ Salop model
- ❖ Can you use these models to help explain real-world product differentiation situations?

Advertising

- ❖ How can firms benefit from it?
- ❖ What about the society?

R&D

- ❖ What are the differences among different types of incentives?
 - Prizes, Research Contracts, Patent, Joint-venture.
- ❖ When do use different types of incentives?
- ❖ How to implement optimal incentives?

Auction

- ❖ Types of auction
- ❖ What type is the 3G, 4G auction?
- ❖ Do you think firms will increase product price if the bid price is high?

Regulation and Competition Law

- ❖ Why do we need to regulate an industry
- ❖ What does competition law do?
- ❖ Do you understand the main content of the law? What they are for?
 1. Prohibit abuse of dominant position
 2. Prohibit potentially harmful mergers and acquisition
 3. Prohibit collusion
 4. Prohibit unfair practices against competitors

Important Dates

- ❖ Final Exam – Thursday Dec 17th (9am-12noon)
- ❖ 3rd paper submission (optional) - Monday December 21st, before 12noon.
 - No need to submit the hard copy. Please email your essay to me wanwiphang@econ.tu.ac.th
 - 2 topics to choose from
 - 1) “Has the Thai government been successful at promoting efficiency in theindustry?”
 - 2) “Is there too much advertising in our society?”

Good luck
&
Keep in touch

