

National Taiwan University

College of management

Advanced Managerial Economics

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For a long period of time, the fields of consumer behavior, market pricing, and organization study have drawn heavily on psychology and sociology mostly. This course will demonstrate to you the power of economic approach to the understanding of daily business practices and industrial competition. After taking this course, you should be able to make specific prediction and prescription to interesting issues.

However, the modern business world in which we stay is an integrated one. As such, it makes no sense to analyze one part without considering other parts. Both industry-wide interaction and the legal environment will be studied in this course. Theory will be frequently contrasted with empirical evidence to bring its theoretical implication to life. We are glad to find that the new edition of our chosen textbook serves the highlighted purpose very well.

Grades are based on class participation (10%), two group case reports of (20%) with maximal number of three members, four in-class quizzes of (20%), midterm and final exam (25% each). The schedule for in-class presentation will be arranged according to the selected research topic and the corresponding class content. The textbook adopted in this course is as the following:

Industrial Organization: Contemporary Theory and Empirical Application, 4th ed., Lynne Pepall, Daniel J. Richards and George Norman, Blackwell Publishing, 2008.

Tentative Schedule

Sept 13: Introduction, ch. 1

Topic I: Market Structure and Its Performance

20: Cost and Market Equilibrium ch. 2

Grouping and member lists due today

27: Theory of the Firm, ch. 3 & 4

Oct 4: The Life of Monopoly, ch. 5 & 6

11: Market Power and Product Quality, ch. 7

18: Case (I) : Apple Computer

25: Product Differentiation and Bundling, ch. 8

Nov 1: Imperfect Competition and Its Implication, ch. 9 & 10

8: Dynamic Models of Oligopoly, ch. 11 & 14

15: University Holiday

No Class Meeting Today!

22: Mid-term Exam

Topic II: Strategic Behavior and Marketing

- 29: Strategic Behavior and Game, ch. 12 & 13
- Dec 6: Case (II) : Bitter Competition: The Holland Sweetener Co.
vs. NutraSweet
- 13: Advertising and Asymmetric Information, ch. 20 & 21

Topic III: Market Structure and Antitrust Economics

- 20: Vertical Integration and Dealerships, ch 16 & 17
- 27: Pricing Tactics and Non-Uniform Pricing, ch 18 & 19
- Jan 3: Standard and Compatibility, ch 22 & 23

Jan 10: Final Exam