

National Taiwan University

Department of International Business

Industrial Organization

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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. 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.

The 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 this purpose very well.

Grades are based on class participation (10%), two group case reports of (15%) with maximal number of three members, five in-class quizzes of (25%), 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 textbooks are the following:

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

Industrial Organization: A Strategic Approach, Jeffery Church and Roger Ware, McGraw-Hill, 2000. (Recommended, a free version is available online.)

Tentative Schedule

Sept 16: Introduction, ch. 1 & 2

Topic I: Market Structure and Its Performance

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

Grouping and member lists due today

30: The Life of Monopoly, ch. 5 & 6

Oct 7: Market Power and Product Quality, ch. 7

14: Product Differentiation and Bundling, ch. 8

21: Case (I) : Apple Computer 2002

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

Nov 4: Dynamic Models of Oligopoly, ch. 11 & 14

11: Mid-term Exam

Topic II: Strategic Behavior and Marketing

18: Strategic Behavior and Game, ch. 12 & 13

25: Case (II) : Bitter Competition: The Holland Sweetener Co.
vs. NutraSweet

Dec 2: Information Economics and Network, ch. 20 & 24

9: Advertising and Asymmetric Information, ch. 21

Topic III: Market Structure and Antitrust Economics

16: Vertical Integration and Dealerships, ch 16 & 17

23: Pricing Tactics and Non-Uniform Pricing, ch 18 & 19

Jan 6: Standard and Compatibility, ch 22 & 23

13: Detection of Collusion and Auction Mechanism, ch 15 &
25

Jan 20: Final Exam