

**Rationale:** Understanding market structure and relevant government policies to prevent monopolistic exploitation requires basic knowledge of industrial economics. Study of industrial organization helps explain price and non-price competition among oligopolistic firms, and price discrimination practiced by monopolist firms.

**Prerequisites:** Microeconomics, Mathematical economics

**Course Objective:** The objective of the course is to gain knowledge on market structure and its determinants. The course deals with issues like why firms merge, and why a monopoly firm charges different price in different segments of the market. The course also examines firm behavior in imperfectly competitive market like collusions and cooperation among firms, product differentiation and incurring advertisement expenditure.

**Intended Learning Outcomes:** After successful completion of the course, students will be able to:

1. define market structure and identify the elements of market structure;
2. provide explanations for economies and diseconomies of scale;
3. explain the determination of different prices in different segments of a market to maximize profit;
4. apply game theory to solve for price and quantity in a oligopoly market; and
5. identify situations when horizontal and vertical integrations are plausible.

### **Course Content:**

#### **Part I: Basic Concepts**

1. **Introduction:** Basic Concepts and Trends; Real World Markets and Trends; Effective Competition.
2. **Theories of Competition and Monopoly:** Performances Values; Competition and Performance; Effects of Monopoly Power.

#### **Part II: Market Structure**

3. **Defining Markets and Categories of Competition:** Defining the Market; The Elements of Market Structure; Degrees and Concepts of Partial Competition.

#### **Part III: Performance**

4. **Effects of Market Power on Prices, Profits and Efficiency:** Financial Effects and Efficiency.
5. **Technological Progress:** Concepts and Relationships; Optimal Technological Change; Empirical Analysis and R&D and Innovation; Analysis of Patents.
6. **Fairness in Distribution and Other Values:** Competition Itself: Benefits and Costs; Fairness in Distribution of Wealth; Income and Opportunity.

#### **Part IV: Determination of Market Structure**

7. **Finance, Mergers and Public Policies:** Capital Markets, Mergers and Other Determinants of Structure.
8. **Economies and Diseconomies of Scale:** Basic Concepts; Plant Level Economics and Diseconomies; Multi-plant Economies and Diseconomies; Basic Trends in Technology and Methods of Research.

#### **Part V: Behavior and Related Topics**

9. **Concepts and Conditions:** Concepts of Firms and Motivation.

10. **Monopoly, Dominance and Entry:** Leading Cases and Trends of Dominance; Sources and Sustaining Factors of Dominance; Concepts of Entry and Limit Pricing, Firm's Choice in the Potential Entry and the Special case of Ultra-Free Entry.
11. **Price Discrimination:** The Nature of Price Discrimination; Price Discrimination's Defects; "Predatory Actions" Including Pricing and Cases of Price discrimination.
12. **Theories of Oligopoly:** Basic Theories of Interdependence; Models of Non-Collusive Duopoly; Game Theory and Pay-off Matrices; Kinked Demand Curve; Tacit Collusion and Price Leadership; Cost and Demand Conditions; Rules of Thumb Including Sales Maximization.
13. **Collusion in Real Markets:** Conditions Favoring Collusion; The Extent of Cooperation; Types of Collusion and Other Devices.
14. **Vertical Condition, Size and Competition:** Bilateral Monopoly; Vertical Integration; Vertical Restrictions; The Effects of Bigness and Diversification.
15. **Product Differentiation and Advertisement:** Selling Expense; Actual Patterns of Advertising; Analysis of the Role of Advertisement and its Evidence.

#### **Part VI: Public Policies**

16. **Deregulation and Privatization:** Regulation of Natural Monopoly; Deregulation; Public Enterprises and Privatization of Public Firms.

#### **Basic Text**

Shepherd, W. G., & Shepherd, J. M. (2004). *The Economics of Industrial Organization*. Long Grove: Waveland Press.

#### **Books Recommended**

1. Tirole, J. (2015). *The Theory of Industrial Organization*. Cambridge (Mass.): The MIT Press.
2. Waterson, M. (1990). *Economic Theory of the Industry*. Cambridge: University Press.

### ***ECON 308: Health Economics***

***Credit Hours: 04***

**Rationale:** Along with training and education, health is another component of human development that increases productivity. Like many other market health market is also plagued by information asymmetry and moral hazard problem. Removing of imperfection can help expand the health market. Introduction of health insurance and development of private initiative in the health market are important are that require proper government monitoring.

**Prerequisites:** Microeconomics, Financial economics

**Course Objectives:** The objective of the course is to understand the nature and functioning of the health market. Identifying the areas of imperfection and design remedial measures are the subject matter of this course.

**Intended Learning Outcomes:** After successful completion of the course, students will be able to:

1. comprehend the economic problems faced by the health sector;
2. understand the adverse selection and moral hazard problem in the health sector;
3. perform an economic evaluation of the health sector;
4. understand the role of insurance in expanding the coverage of the health sector; and
5. plan allocation of human resources for health sector development.

#### **Course Content:**

1. **Introduction to Health Economics:** Introduction to medical or health care economics; Relevance of health economics; Importance of health sector in macro economy; Economic problems faced by the health sector.
2. **Measuring Health Status and Determinants of Health indicators of health status:** Morbidity and mortality: physical, social and other functional indicators.