

COURSE NAME: ECONOMICS OF INDUSTRY

COURSE CODE: ECON3102

PREREQUISITE: ECON 1022

| Week | Lecture (hrs) | Topics of the title | Reference material |
|--------------------------------------|---------------|---|--|
| Chapter One: Introduction | | | |
| 1Week | 3Hours | 1.1. Definition 1.2. Approaches to Industrial Economics 1.2.1.The structure –conduct-performance paradigm 1.2.2. The Chicago school of Thought 1.2.3. Institutional Economics | Barthwal , Chapters. 1, page 2-6, chapter 4 page 49-70 Barthwal , chapter 4, page 49-70, and Carlton, D.W. and J.M. Perloff, Chapters. 1§ 9 page 2 -10, 331-369 |
| Chapter Two: The Theory of the Firms | | | |
| 3Week | 9 Hours | 2.1. The Life Cycle of Firm 2.2. Modern Theories of Firm 2.2.1. Managerial Theory of Firm 2.2.2. Principal Agent Theory 2.2.3. Transaction Cost Theory | Barthwal , Chapters. 3, page 27-47 |
| | | 2.3. The Growth of Firm 2.3.1. Downie’s Theory 2.3.2. Penrose’s Theory 2.3.3. Mari’s Theory | Barthwal , Chapters. 15, page 343-359 |
| Chapter Three: Market Concentration | | | |

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|---|---------|--|--|
| 3 weeks | 9 hours | 3.1. Nature of Concentration 3.2. Theory of Concentration 3.3. Measures of Concentration 3.3.1. Concentration Ratio 3.3.2. The Hirschman-Herfindahi Index 3.3.3. The Entropy Index 3.3.4. The Dispersion method 3.3.5 The Learner Index 3.3.6. The determinants of concentration | |
| Chapter Four: Industrial Location Analysis | | | |
| 1 week | 3 hours | 4.1. Determinants of Industrial Location 4.2. Approaches to Industrial Location Analysis | R.R.Barthwal Page.No.361-380 |
| Chapter Five: Analysis of Firm Structure | | | |
| 2 week | 6 hours | 5.1. Organization, Structure, Ownership and control of Firm 5.2. Goal and Objective of Firm 5.3. Legal Forms of Business 5.4. Structure conduct performance 5.5. Measurement of Market Performance and Market Structure. | R.stead,P.Curwen and K.Lawler Page No.64-81 |
| Chapter Six: Diversification, Integration and Merger | | | |
| 3 week | 9 hours | 6.1. Vertical Integration and Vertical Restrictions 6.2. Vertical Relationship as a solution to Economic Problems 6.3. The reasons for and against vertical Integration 6.4. Merger and Takeover (Motives for Merger) 6.5. The effects of Merger on Competition and Welfare | R.R.Barthwal Page.No.169-187 |
| Chapter Seven: Advertisement | | | |
| 1 week | 3 hours | 7.1. Information and Advertisement 7.2. The Social benefit and cost of Advertising. | Dr. K.G.GUPTA(Business Economics) Page.No.B51-B64 |

| Chapter Eight: Technological Progress | | | |
|--|---------|---|--------------------------------|
| 1 week | 3 hours | 8.1. Stages of Technological change 8.2. Invention, Innovation and Diffusion | R.R.Barthwal Page.No188-210 |
| Chapter Nine: Industrial policy | | | |
| 1 week | 3 hours | 9.1. Government Intervention 9.2. Review of Focuses of the Ethiopian Industrial Policy | |

****NB:** This course needs practical observation in a field so that the theoretical concepts verified through practical observation. The load for the course is indicated in the load distribution of the course.

Module Delivery Methods

The delivery method shall be student-centered. Students are highly expected to participate in class works at the middle and end of each session and in group discussions inside and outside of the class. Specifically the course will be delivered through the following methods:

- Lecture Method
- In-class problem solving
- Group Work
- Assignment

Assessment Methods

Student evaluation in this module consist both formative and summative assessments including quizzes, test and final exam. Marks will be allocated according to the following grading schedule.

| Assessment method | Weight |
|---------------------------------|---------------|
| Assignment (Indiv/group) | 20% |
| Quizzes/Tests(Max of 10 % each) | 30% |
| Final Exam | 50 % |
| Total | 100% |

REFERENCES

Core Text

- Barthwal, R.R Industrial Economics: An Introductory Text book, Wiley Eastern Limited, New Delhi 1984
- Carlton, D.W. and J.M. Perloff, Modern Industrial Organization. 1990.

Additional Reading Materials

1. Barthwal, R.R Industrial Economics: An Introductory Text book, Wiley Eastern Limited, New Delhi 1984.
2. Clarke, R. Industrial Economics, Basil Blackwell, 1985.
3. Carlton, D.W. and J.M. Perloff, Modern Industrial Organization. 1990.
4. Ferguson, P.R. and G.J. Ferguson. Industrial economics: Issues and perspectives, 1994.
5. Hay, A. Donald and Derek, K. Morris; Industrial Economics and Organisation; Theory and Evidence (2nd ed); Oxford University press. 1991
6. Jacobson, D. and B. Andreosso-o ' Collaghan. Industrial Economics and Organization: A European Perspective. Mc Graw-Hill. 1996.
7. Kreps, D.M. Game Theory and Economic Modeling, Clarendon Press, 1990.
8. Martin, S. Industrial economics: Economic Analysis and Public Policy, Macmillan Publishing Company, 1988.
9. Scherer, F.M. and D. Rosss, Industrial Market Structure and Economic Performance, 1990.
10. Shughar, William F. The organization of Industry, BPI/IR WIN, 1990.
11. Stead, R;P. Curwen and K. Lawler; Industrial Economics: Theory, Applications and Policy; McGraw-Hill; 1996.
12. Stigler, GJ. The Organization of Industry, University of Chicago, 1968.
13. Stiglitz J.E. Principles of Microeconomics, Norton and company, 1997.
14. Tirole, J. The Theory of Industrial Organisation, MIT Press, 1997.