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and Market Structure. Part two analyses firm strategies in two chapters: Pricing Practices and Strategies of Firms, and Non-price Strategies. The third part focuses on Industrial Theory and Practice with reference to Industrial Location and Finance as two distinct chapters. The last part analyses Public Policy and Industrial Development, each aspect forming a chapter.

Each chapter is arranged pedagogically, starting with learning objectives, followed by introductory remarks, then content and finally conclusion and review questions. Examples and case studies are provided from Africa, especially in the applied parts.

Professor Stephen M. Kapunda
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About the Author

Professor Stephen Miti Kapunda has taught Industrial Economics, among other economics courses, and has been an external examiner in various African universities. He has taught the course at both undergraduate and postgraduate levels for more than thirty years at the University of Dar-es-Salaam, Tanzania (1976-1999); the MA Joint Facility for Electives (JFE)/African Economic Research Consortium (AERC), Nairobi, Kenya (July-September 1996 and July-September 1997); and the University of Botswana (1999 to the time of writing this book). He has also been an external examiner of the course, among others, at the University of Malawi (1995-1996); University of Dar-es-Salaam, Tanzania (2007-2010, 2014, 2016); Moi University, Kenya (2002); University of Namibia (2007-2011) and North-West University, South Africa (2010-2016).

Professor Kapunda has won several awards for his outstanding teaching, research and writing, including the 2010 International Competition Award of Textbook Writing Programme organised by the Council for the Development of Social Science Research in Africa (CODESRIA); the 2004 International Competition Award organised by the Organisation for Social Science Research in Eastern and Southern Africa (OSSREA); and, the 1993 International Post-Doctoral Fellowship award at the United Nations Economic Commission for Africa (UNECA). The award for textbook writing organised by CODESRIA was, indeed, what motivated him to write this book.

Scope and Methods of Industrial Economics

Although some studies like Andreosso and Jacobson (2005:1) and Church and Ware (2000:7) tend to regard industrial economics and industrial organisation as the same concept, slight differences in terms of use, location and coverage are worth noting. Firstly, 'industrial economics' is a term which has mainly been used in Europe, while Americans tend to use the term 'industrial organization'.

Secondly, according to Hay and Morris (1991) and Ferguson-Ferguson (1994), whereas industrial organisation underlines the structure of industries at a particular point of time, industrial economics includes also the dynamics of industrial structure. Industrial economics, therefore, examines the evolution of industry as a process in time at the macro level, the sector or industry level, and the firm level.

However, both industrial economics and industrial organisation use the S-C-P paradigm as a basic framework of analysis. Other alternative schools of thought include Harvard and Chicago school approaches and the 'new Austrian' school of economic thought.

The Harvard school of thought is closely comparable to the S-C-P approach adopted in this book as it dates back to the traditional S-C-P paradigm developed by Mason (1939) at Harvard University and later by Bain (1956). The approach, in general, underscores the importance of monopoly linked to certain market structures as a general issue in industrial economic analysis.[6]

The Chicago school essentially uses price theory which employs microeconomic models to explain market structure and the behaviour of firms.

The 'new Austrian' school generally opposes government intervention in industry but agrees that political support for a free market economy is important.[7]

There are also aspects of emphasis which may be generally regarded as approaches to industrial economics analysis; they include economic geography, game theory and contestable market theory. Although this book also employs some of these aspects such as economic geography (see Chapter 7 on industrial location), it supports Kay's (2002) position that the S-C-P approach remains dominant in industrial economics analysis.

Conclusion

This chapter has provided the historical note of industrial economics – indicating that it became a separate economic discipline in the 1950s. The chapter has also defined various concepts related to industrial economics or industrial organisation – whose scope and methods have been explained.

Review Questions

1. Explain the evolution of industrial economics indicating when the course became a separate economics discipline.

2. What would you consider to be a superior definition of industrial economics? Why?
3. How would you differentiate industrial economics from (i) micro-economics, (ii) industrial organisation?
4. (a) Differentiate between broad and narrow definitions of industry.

   (b) State the criteria which may be useful in gauging the degree of industrialisation.
5. Consider the following data for the Botswana economy for the year 2010:

Table 1.1: Botswana's GDP and Employment (2010)

Sector	GDP[a] (P[b] million)	Employment[c]
Agriculture	500	6 000
Mining	10 000	10 000
Manufacturing	1000	35 000
Public Utilities	700	3 000
Construction	1 300	25 000
Others	11500	221 000
Grand total	25,000	300,000

Notes:

a. Constant 1993/94 prices
b. P = Pula (US$1 = P7 in 2010)
c. Population for Botswana = 1.8 million in 2010

Use the data to decide whether Botswana was industrialised or not in 2010. State the criteria you use.

6. Consider the following data for Tanzania's economy in the year 2010 (Tables 1.2 and 1.3)

Table 1.2: Tanzania's GDP at Market Prices (2010)

Serial Number	Sector	GDP (sh million)
1	Agriculture	4,060,554
2	Mining	402,331
3	Manufacturing	1,639,050
4	Public Utilities (Electricity, gas and water)	430,689
5	Construction	1,182,581
6	Others	9,113,358
	GDP	16,828,563

Table 1.3: Human Resource (2010)

Human Resources	(2010)
Population	43,000,000
Labour force	23,000,000
Total Employment	20,000,000
Industrial Employment	330,000
Manufacturing employment	110,000

Source: United Republic of Tanzania – URT (2011), *The Economic Survey*, URT.

Use the data selectively and apply preferably Sutcliffe criteria to decide whether Tanzania was industrialised or not in 2010.

Notes

1. See also Clarke (2000:1).
2. For details see Andrews (1951,1952), and Barthwal (1985).
3. Andreasso and Jacobson (2005:1) also consider industrial economics and industrial organisation as the same subject. Whereas the former is common in Europe and Africa, the latter is common in the USA.
4. See also Clarke (2000:7); Kapunda and Mbogoro (1989:147) and Sutcliffe (1971:16).
5. Source: Botswana Central Statistical Office data.
6. For details see Clarke (2007:5).
7. For details see, for instance, Littlechild (1978).