

University of Toronto
Department of Economics

ECO380 – Markets, Competition, and Strategy

Course Outline: Summer 2017
Updated May 15, 2017

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Office: 344 Max Gluskin House
Course Website on Blackboard (www.portal.utoronto.ca)

About the course:

This is a course in microeconomics concerned with the functioning of markets and the strategic behavior of firms, drawing on the fields of industrial organization and market design. Particular attention is paid to the strategic interactions between firms, both competitive and cooperative, and to the challenges of designing and structuring new markets.

Course Prerequisites:

Prerequisite: [ECO200Y1/ECO204Y1/ECO206Y1](#); [ECO220Y1/ECO227Y1](#)/
[\(STA220H1,STA255H1\)](#)/[\(STA257H1,STA261H1\)](#)

Students who have not met the course prerequisites will be removed from the course – please note that the instructor has no control over enrollment in the course, and is not authorized to waive requirements.

Course Website:

This course will use the Blackboard website as a means of posting announcements and supplementary course materials.

Required Textbook:

[PRN]: Pepall, L., Richards, D, & Norman, G. (2014). *Industrial Organization: Contemporary Theory and Empirical Applications*.

Although the lecture content will typically follow PRN, there will be frequent departures – some topics will follow the text more closely than others. When studying for this course, content covered in lecture notes should take priority, and then the content of the text. Additional readings may be assigned during the course of the class, particularly for later topics.

Office Hours:

My office hours will be Wednesdays, from 3:45-5:30 in my office at 344 Gluskin, and by appointment. We will also be having TA office hours, and will update this syllabus once the time and location for those are fixed. Additional office hours will be held in the week prior to the midterm and the final examination – specifics about those additional resources will be announced in class and posted to the course website.

Email Protocols:

In order to make communication via email as effective as possible, please adhere to the following email protocols:

- Include “ECO380” in the subject line of your email.
- If possible, use your utoronto.ca email address. This is not a requirement, but it will go a long way to ensuring that your email does not get flagged as spam.
- Before emailing me regarding administrative details, first check the course website. Pertinent information about the course will be posted to the website, so that should be your first resource for administrative information (tutorial times, test locations, availability of office hours, etc.).
- Questions regarding content are best asked during office hours – that is the purpose of holding office hours, and in many cases it is simply impractical to respond fully to questions via text in email. If you are unable to attend my office hours and TA office hours because you have a scheduling conflict, then please contact me about scheduling an appointment to discuss your questions.

Assessments and Dates:

The marks for this course will be assessed as follows:

Problem Set 1	Due May 30	10%
Midterm Examination	June 1 (in class)	35%
Problem Set 2	Due June 22	10%
Final Examination	Finals week - TBD	45%

Marks for this course will be assigned based on three major components: two problem sets worth 10% each, the midterm examination which is worth 35%, and the final exam which is worth 45%. The final exam will be held during the final examination week – once the date has been assigned, an announcement will be made in class, and posted to the class website.

Appeal of Test Grades:

If you believe an error has been made in the grading of your test, you may submit to me a written request (in hard copy) for your test to be regraded.

- This request should be handed in to me in my office hours – if you are unable to attend my office hours due to scheduling conflicts with other courses, please contact me to make other arrangements.
- This request must be made within one week of the date on which your test was returned.
- This request must identify which section of the test you believed was marked incorrectly; the purpose of the regrade is to correct any errors that have been made in the grading, not to dispute the overall grading approach.
- If it appears a mistake has been made, the entire test will be regraded. Please note that this means your overall score may go either up or down, it is not guaranteed to increase, even in the event of a regrade.

Missed Tests:

You should make every effort not to miss the midterm test. Students who miss the midterm test for a certified medical reason will write a *comprehensive* make-up exam at the end of the term. Per university policy, there will be no make-up test for the make-up test. Tests missed without a certified medical reason will receive a score of zero. If you miss the midterm for a medical reason, you must provide documentation that you were too ill to take the test, in person, to me, within one week of the test date. The appropriate documentation of such an illness can be found at:

www.illnessverification.utoronto.ca

Acceptable medical notes must be completed by a qualified medical doctor, which must include that doctor's OHP registration number. The note must clearly state that on the date of the missed test, the student was too ill to write the test.

Problem Sets:

There are two problem sets due over the course of the term. You are strongly encouraged to type your problem sets, but hand-written work will be accepted if it is cleanly presented. Be sure to put your name on the front page of your problem sets. Problem sets must be handed in, in physical form, to the instructor by the end of class on the date on which they are due. Late problem sets will not be accepted. You may, if you wish to do so, work with other students in small groups of up to four on the problem sets. You are not required to do so – you are welcome to work by yourself if you would prefer, but you may work with up to four people in a group if you would like to do so.

Should a student fail to submit a problem set on time for a valid medical reason, they may email the instructor within 36 hours of the due date, and make arrangements to submit the problem set along with an acceptable medical note within 72 hours of the due date. Acceptable medical reasons are similar to those for a missed test, and must be similarly accompanied by an acceptable medical note from a doctor that clearly states that on the day the assignment was due the student was too ill to work on the problem set. At most one of the two problem sets may be allotted such an extension, if both problem sets are missed, the second will receive a grade of zero.

Workload:

Particularly because this is a summer course that meets twice a week for six weeks, rather than once a week for twelve weeks, you should expect to spend a substantial amount of time on this course. This naturally includes attending lectures, but also entails spending time outside of class reading the textbook, solving problems, and generally making certain that you understand and are current with the material – due to the compressed timeline it is especially important that you do not let yourself fall behind on the material, since there simply is not as much time to get caught up, and each week contains more content than during the year.

Academic Integrity:

As a member of the University of Toronto, you will be held to the standards of academic integrity established by the University. The University is committed to upholding these standards, and accordingly takes these policies very seriously – be aware that violation of these standards will result in disciplinary action taken in accordance with university policy.

More information on the University of Toronto's policy on academic integrity can be found at:
<http://www.artsci.utoronto.ca/osai/The-rules/what-is-academic-misconduct>

Content:

Time permitting, we will cover the following material related to the structure of market, the strategic decisions firms make, strategic interaction between firms, and the design of functional markets.

- Introduction
- Monopoly and Market Power (Chapter 2)
- Monopoly Pricing (Chapters 5 and 6)
- Game Theory (Chapter 9)
- Duopoly: Cournot competition, Bertrand competition (Chapter 9 and 10)
- Dynamic games: Stackleberg competition (Chapter 11)
- Collusion and Repeated Games (Chapter 14)
- Predatory Behavior (Chapter 12)
- Auctions (Chapter 23)
- Matching markets
- Bounded Rationality and Consumer/Firm interaction