

University of Toronto
St. George Campus
Department of Economics

ECO380 – Markets, Competition, and Strategy

Course Outline: Winter 2019
Version 1.0

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Course Website on Blackboard (www.portal.utoronto.ca)

Note: This syllabus will periodically be updated as more information becomes available, and reuploaded to the course website when updated. If you have questions about the content of the syllabus, please first check that you are referring to the most current version.

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 will be paid to the strategic interactions between firms, both competitive and cooperative, and to the challenges of designing and structuring new markets.

Please note: you are expected to be in attendance during the entirety of the allocated lecture time. You should not have other courses or ongoing commitments during our class time that would prevent you from attending lecture. By enrolling in this course you are agreeing to be in lecture during the time described by the timetable.

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 – the instructor has no control over enrolment in the course, and is not authorized to waive requirements.

Textbook:

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

The textbook for this course is recommended, but not required. All content that students are expected to know will be addressed in lecture. However, a textbook is naturally able to cover material in greater depth than lecture slides, and so students may find PRN to be a valuable supplement to lecture slides.

Office Hours:

My office hours will be Fridays from 10:45-11:45 in my office at 344 Gluskin, and by appointment. There will be TA office hours as well; once the time and location for those have been finalized this document will be updated. Additional office hours will be held in the weeks 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.
- If you are responding to an email that was sent to the course, it is better to start a new email rather than replying to the original mass email, as those often get flagged as read when they have not been.
- 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:

In-class Problems	Weekly	15%
Midterm Examination	February 13, 2019	40%
Final Examination	TBA	45%

Marks for this course will be assigned based on three major components: problems solved in-class worth 15%, the midterm examination which is worth 40%, 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.

In-class Problems:

Beginning in the second week of term, we will allocate a portion of class time to solving problems in-class. Unlike tutorial problems, these problems will be collected in-lecture and marked, and collectively account for 15% of your total course marks. Accordingly, you will need to be present and prepared in class in order to earn these marks. Your marks for these problems will be based on your best 80% of the weeks, which we anticipate to be your best 8 of the 10 non-midterm weeks after the initial class. This means that you can still score quite well on this component, even if you have to miss class due to an illness or another conflict, but you should attempt to be present as much as possible, as it will only help your marks to attempt more questions.

Tests and Exams:

The midterm will be held during our regular class time on XX in a location that will be announced once confirmed; the final will be on the date scheduled by the university. The midterm and final exams both consist of mathematics-based problem solving. The best way to prepare for the midterm and final is to solve as many problems as you can – to that end, we will be assigning weekly tutorial problems to give you additional practice out of class. It is in your best interest to work on these during the semester, so that you are prepared when the times for the midterm and final arrive. Additionally, we will provide you with additional practice problems before the midterm and final to help you with your preparations.

Appeal of Midterm Grades:

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

- This request should be handed in to me in my office hours in physical copy – email requests for a regrade will be ignored. 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, plus justification of why your score should have been different.
- If your argument is persuasive, 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.

Cell phones and laptop usage

Technology can support student learning, but it can also become a distraction. Research indicates that multi-tasking (texting, surfing the Internet, using social networks) during class time can have a negative impact on learning (Clapp, Rubens, Sabharwal & Gazzaley, 2011; Ellis, Daniels, Jauregui, 2010; Hembrooke & Gay, 2003). Out of respect for your fellow learners in this class, please refrain from using laptops or mobile phones for entertainment during class and do not display any material on a laptop which may be distracting or offensive to your fellow students. Laptops may be used only for legitimate classroom purposes, such as taking notes, downloading course information from Portal, or working on an assigned in-class exercise. Checking social media, email, texting, games, and surfing the Web are not legitimate classroom purposes. Such inappropriate laptop and mobile phone use is distracting to those seated around you and is unprofessional.

Ongoing Learning Disability or Accommodation Requirement

Students with diverse learning styles and needs are welcome in this course. If you have an ongoing disability issue or accommodation need, you should register with Accessibility Services (AS) (accessibility.utoronto.ca) at the beginning of the academic year. Without registration, you will not be able to verify your situation with your instructors, and instructors will not be advised about your accommodation needs. AS will then assess your medical situation, develop an accommodation plan with you, and support you in requesting accommodation for your course work. Remember that the process of accommodation is private: AS will not share details of your condition with any instructor, and your instructors will not reveal that you are registered with AS.

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.

All students, faculty and staff are expected to follow the University's guidelines and policies on academic integrity. For students, this means following the standards of academic honesty when writing assignments, citing and using source material appropriately, collaborating with fellow students, and writing tests and exams. Ensure that the work you submit for grading represents your own honest efforts. Plagiarism, representing someone else's words as your own, or submitting work that you have previously submitted for marks in another class or program is a serious offence that can result in sanctions. Speak to me or your TA for advice on anything that you find unclear. Also, see the U of T writing support website at www.utoronto.ca/writing. Consult the Code of Behaviour on Academic Matters for a complete outline of the University's policy and expectations.

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>

Common forms of academic misconduct include:

- Use of inappropriate electronics during exams – the ECO380 midterms and final exam allow only for the use of non-programmable, non-graphing calculators. It would be a good idea to make sure that you have access to such a calculator in advance. Other forms of electronics (mobile phones, tablets, laptops, etc.) are prohibited.
- Continuing to write in exams after the time has been called – the only fair way to approach this issue is to be strict that writing must cease when time is called, and continuing to write after the exam has ended will expose you to academic sanctions.

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.

- 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)
- Matching markets
- Bounded Rationality and Consumer/Firm interaction