ECO380H1S Section L0101
Markets, Competition, and Strategy
Syllabus

Li Li

2022 Summer

Key Information

Time: **Mondays and Wednesdays 10:00am-1:00pm (Toronto time)**
Instructor: **Li Li**; **Email**: **lili.uoft.teaching@gmail.com**

- This is an **online course**, but **pay attention that there is an IN-PERSON FINAL.**
- The **first lecture is live** (Zoom link will be distributed ∼15 minutes beforehand on Quercus), followed by **pre-recorded lectures**. If there is a need for a live lecture later, I will announce on Quercus at least 1 week in advance; these live lectures will be recorded.
- I will post **lecture videos** on **Quercus** (the *Modules* section).
- On **Mondays 11:00am-12:00noon** (Toronto time), I will hold an **office hour** answering students' queries for that week's lecture. The Zoom link will be posted ∼15 minutes beforehand.
- This course uses **basic differential/integral calculus**—for instance, you need to know $d\log(x)/dx = 1/x, dx^2/dx = 2x$. The math used in this course will be kept minimal and will be covered in class.
- The lecture notes of this course are **self-contained**.

EMAIL POLICY

- Please use the email address **lili.uoft.teaching@gmail.com** to contact me.
- **Please DO NOT USE Quercus' email system to contact me, even though I will use it for announcements**. Emails that are sent to Quercus or other email addresses will be ignored. I make this email policy because Quercus

does not offer a way to search emails by content. It would not be feasible for me to track emails from many students.

ENROLLMENT

- Enrollment is administered **centrally by the university**.
- Please check the **prerequisites** by yourself. (See https://artsci.calendar.utoronto.ca/course/eco380h1.)
- I do not have the authority to make any exceptions regarding the prerequisites.

Textbooks

- (Main) **Pepall, L., Richards, D. J., & Norman, G. (2014, 5th Edition). Industrial Organization: Contemporary Theory and Empirical Applications.**
- (Supplementary) McAfee, R. P. (2009). Competitive solutions: the strategist's toolkit. Princeton University Press.
- (Supplementary) Brandenburger, A. M., & Nalebuff, B. J. (2011). Co-opetition.

Grading Policy

Item	%
Problem Set 1 (Group)	10
Problem Set 2 (Group)	10
Problem Set 3 (Group)	10
Problem Set 4 (Group)	10
Problem Set 5 (Group)	10
In-person Final	50
Total	100

Final

- The in-person final have a similar format as those of the problem sets, except that **it is an individual assessment**.
- Pay extra attention: The final is **IN-PERSON**.

Group Problem Sets

- The problem sets will be posted on **Crowdmark** as **Group Assignments**.
- You can form your own group (up to 4 students). In your submission, remember to **write down the names and student numbers of all members**.
- Please **first try to use the discussion board to find group members.** In case you could not, you should then **notify the instructor—The instructor could help but there is no guarantee.**
- To avoid **free-rider problem**, in case you find out that some member in your group is not working, you are free to switch to another group for the later problem sets.
- Every student in a group should make sure that the submission of **every question** is properly done before the respective deadlines. I will not accept excuses such as "One group member is not working but we didn't know about it before the deadline, so our group is unable to finish the problem set on time."
- All the members of a group would get the same mark for a problem set.
- Important: Remember to declare your group members when you are the one to submit.

Course Description

This course explains the functioning of markets from an economic perspective. In particular, we would study how firms would optimally react to the actions of other competing firms. Such considerations are generally known as strategic behaviors. To formalize this notion, this course would employ some tools in microeconomics, game theory in particular. The incorporation of game theory allows us to move beyond the perfectly competitive model where each firm faces a given market price without interacting with each other. Using these theoretical tools, we will study the market under imperfect competition.

Course Outline and Schedule

The below may subject to **minor adjustments**.

Lecture	Topic/Coverage	Time
Lecture 1	Introduction	*<2022-07-04 Mon>*
Lecture 2	Perfect Competition Review	*<2022-07-06 Wed>*
Lecture 3	Monopoly	*<2022-07-11 Mon>*
Lecture 4	Game Theory Introduction	*<2022-07-13 Wed>*
Lecture 5	Cournot Competition	*<2022-07-18 Mon>*
Lecture 6	Bertrand Competition	*<2022-07-20 Wed>*
Lecture 7	Stackelberg Competition	*<2022-07-25 Mon>*
Lecture 8	Collusion and Repeated Games	*<2022-07-27 Wed>*
Lecture 9	Predatory Pricing and Entry Deterrence	*<2022-08-01 Mon>*
Lecture 10	Merger	*<2022-08-03 Wed>*
Lecture 11	Advertising	*<2022-08-08 Mon>*
Lecture 12	Other Forms of Competition (Voting/Tournament)	*<2022-08-10 Wed>*
In-Person Final	Lectures 1-12	S Exam Period

Time Zone

All times posted will be in local Toronto time. If you are in a different time zone, please make sure you are aware of Toronto time in relation to your timezone. Errors in calculations are not an acceptable reason to miss deadlines.

Diversity and Inclusivity Statement

I consider this classroom to be a place where you will be treated with respect, and I welcome individuals of all ages, backgrounds, beliefs, ethnicities, genders, gender identities, gender expressions, national origins, religious affiliations, sexual orientations, ability - and other visible and non-visible differences. All members of this class are expected to contribute to a respectful, welcoming and inclusive environment for every other member of the class. When sending any communication or participating in discussions, remember that there are real people with feelings on the receiving end. Be kind and treat people the way you would like to be treated.