



ECO 421H1S Competition Policy L0101, R10-1

Instructor

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Overview

The primary objective of this course is to provide a systematic analysis of economic issues in competition policy. This will include analysis of economic theory of antitrust as well as applications in policy documents and cases. There are two components to the course.

1. *Theory*. The theory component follows the textbook closely. You are responsible for the textbook material listed in the outline unless otherwise indicated in class.
2. *Real world applications of theory*. The study of competition policy is not an academic exercise. It is a reasoned response to practical problems. To understand competition policy, it is necessary to know the practical problems that are involved. To learn about these problems, there will be extensive required readings drawn from accessible sources. The readings will not be always covered in class but will be referred to in exam questions. To keep the content of the course current, new readings may be added during the course if and when a new interesting competition policy issue arises.

Course Materials

Textbook:

Church, Jeffrey and Roger Ware (2000) *Industrial Organization: A Strategic Approach*, Toronto: McGraw-Hill, 2000, freely available for non-commercial purposes at https://works.bepress.com/jeffrey_church/23/.

Additional Required and Optional Readings

Any readings added to **Quercus**, marked Required or Optional.

This course emphasizes learning via reading, research, and original analysis. ***Success requires substantial preparation every week.*** The amount of required readings and work involved in the research paper are manageable only if you make a steady weekly progress.

Marking Scheme

25%	Midterm Test: February 13 in class
20%	Class Presentation (between January 30-April 3 rd)
25%	Take Home Research Project (due at midnight on March 26 th ; Topic due February 26 th at midnight)
30%	Final Exam TBD

Delivery and Communications

This course is scheduled in-person. We will meet each Thursday at 10:10 am.

I will use Quercus to post all course communication and content. I will send all email communication to your UofT email linked to Quercus. Please include ECO421 in the subject line of your emails to me.

Class Attendance and Class Participation

Class participation is actively encouraged, but class attendance is not recorded and no marks are awarded for class participation (except for Class Presentation as shown in the marking scheme and described below). Think of it as an opportunity, not a requirement. The aim is to have a genuine conversation. Please do not hesitate to participate.

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.

Class Presentation

Each student is expected to make a presentation reviewing an important Canadian or foreign antitrust/competition issue or a recent case. The presentation should not exceed 10 minutes and should be accompanied by slides. Slides must be emailed to the instructor the night before your presentation in PDF format.

There will be a sign-up list on Quercus where you may choose the date of your presentation which is scheduled during regular class time. I will also provide sample topics and sample outline of the presentation. You may choose to present jointly on the same topic with another student, in which case your individual time will be combined (18 minutes for two students, 25 minutes for 3 students). Group size is limited to 3 students but if you believe your topic merits a larger group please discuss with the instructor.

You will not be allowed to exceed your time limit. There is no penalty if your presentation is shorter than your permitted time *as long as you cover your topic well*.

Once you choose your topic, please email the subject matter and the 3 key points to the instructor no later than two weeks before your chosen date. The first presentation is scheduled for January 30, so if you choose that date, you need to email your topic and key points by the end of day January 15th. If you choose February 6th, you need to email the topic and key points by the end of day January 22nd.

Take Home Research Project

Each student is expected to work on a take home project using real data. At a minimum, a simple data summary (not a regression analysis) and a chart in Excel is required, but those comfortable with regression analysis in R or Python or Stata are encouraged to use these *if helpful*.

The data should come from Statistics Canada or a similar source. More information will be available on Quercus, with sample topics and sample outline. This is an individual project, but I will consider requests for collaborative projects on a case by case basis.

You need to identify your topic, i.e. what economic question you are planning to address, and email it instructor no later than February 26th. Final analysis is due by end of day on March 26th.

Make-up or Extensions

There will be no extensions on the take home project. If necessary, your class presentation may be rescheduled if there are open presentation slots for the alternative dates.

If a student misses a midterm test, I will offer a make-up exam **but you must request a make up within 24 hours from the date of the test**. Because of the strain on the health care providers, I will not ask for a medical note for missed midterm tests. Instead, I will consider individual requests if there are exceptional circumstances. If a student misses the final exam, they must comply with the University's policy on missed final exams.

Academic Integrity, Accessibility, Help

You are expected to uphold your academic integrity (please review <https://www.artsci.utoronto.ca/current/academic-advising-and-support/student-academic-integrity>). For accessibility concerns please visit <http://www.studentlife.utoronto.ca/as>. If you need help, please contact the course instructor or the teaching assistant, your College Registrar, the Academic Success Center, as appropriate <http://www.studentlife.utoronto.ca/asc>.

Prerequisites

Prerequisites include ECO200Y1/ECO204Y1/ECO206Y1; ECO220Y1/ECO227Y1/(STA220H1, STA255H1)/(STA257H1, STA261H1); At least one FCE in ECO at the 300 level or higher. Please confirm the full list of the prerequisites with the economic department. I cannot waive course prerequisites. An administrator will remove anyone missing prerequisites.
<https://www.economics.utoronto.ca/index.php/index/undergraduate/load/prerequisites>

Class Materials

Class materials are subject to the University's policy on intellectual property. Please do not distribute or share any class materials.

University Policies

The students are expected to comply with all University policies even if not expressly mentioned above.

Schedule

1. Introduction to Competition Policy
 - a. The Law and Economics: legislative framework in Canada, the US, the EU
 - b. Objectives of Competition Policy
 - c. Reforms
2. Markets
 - a. Market power and market definition
 - b. Entry barriers and entry deterrence
3. Coordinated Behavior among Competitors
 - a. Explicit collusion, tacit collusion, and conscious parallelism
 - b. Economic harm from collusion
 - c. Conditions that facilitate collusion
 - d. Detecting cartels and cartel deterrence
4. Monopolization and Abuse of Dominance
 - a. Predatory pricing
 - b. Price discrimination
 - c. Raising rivals' cost
5. Merger analysis
 - a. Benefits and costs of mergers
 - b. Canadian and US Merger Enforcement Guidelines
 - c. Modeling merger effects
 - d. Merger remedies
 - e. Post-merger review
6. Vertical Restraints
 - a. Resale Price Maintenance
 - b. Exclusionary Conduct
 - c. Tying and bundling
 - d. Refusal to deal