ECO380H1F: Markets, Competition, and Strategy
Winter 2024

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|---|---|
| **Lectures:** | Thursday 5:00 PM - 7:00 PM, room MS2172 |
| **Tutorials:** | Thursday 7:00 PM - 8:00 PM, room MS2172 |
| **Instructor:** | Florian Dendorfer |
| **Office Hours:** | Friday, 11:00 PM - 12:00 PM, GE140 |
| **TAs:** | Olivia Yu, Zekan Wang |
| **TA Office Hours:** | Tuesday, 10:00 AM - 11:00 AM, tbd |
| **Course Email:** | ECO380H1F.a@course.utoronto.ca |

# 1 Course Description

This course in applied microeconomics is concerned with the functioning of markets and the strategic behavior of firms. The focus is on strategic relationships between organizations, including competitive and cooperative relationships among firms.

The first part of this course covers monopoly pricing strategies. The second part focuses on models of imperfect competition between firms. The third part expands on these models to explore market entry. Also, fundamental auction formats are analyzed. Concurrently, students are introduced to the basics of demand estimation.

# 2 Prerequisites

Please observe the prerequisites and exclusions for this course. The instructor cannot waive prerequisites. An administrator will remove anyone missing prerequisites.

# 3 Textbooks

- Belleflamme, P., & Peitz, M. (2015, 2nd edition). Industrial organization: markets and strategies. Cambridge University Press.
- Pepall, L., Richards, D. J., & Norman, G. (2014, 5th Edition). Industrial Organization: Contemporary Theory and Empirical Applications.
- Tirole, J. (1988). The theory of industrial organization. MIT Press.

The textbooks are recommended but not required readings.

# 4 Tests & Assignments

| Item | Weight | Due |
|---|---|---|
| Graded Problem Set I (GPS1) | 10% | 11:59 PM, Oct 2 |
| Term Test | 35% | 5:00 PM - 7:00 PM, Oct 17 |
| Graded Problem Set II (GPS2) | 10% | 11:59 PM, Nov 13 |
| Final Examination | 45% | tbd |

There will be two problem sets, one term test, and a final exam. Each problem set counts for 10%. The term test counts for 35%. The final exam counts for 45%.

Please note that all times listed in the syllabus are in local Toronto time.

## 4.1 Problem Sets

Please solve the problem set individually and submit your individual solutions. Please type up your solutions and submit them as a PDF by the assigned deadline. It is recommended that you use LaTeX(you might want to use Overleaf). Do not submit handwritten answers.

There will be no extensions or make-ups for the graded problem sets for any reason. No late problem sets will be accepted. These assignments can be completed over a few days, and students who fail to submit problem sets on time will receive a grade of zero.

Tests and assignments will have a theoretical and an empirical part. For the latter, you will be required to interpret or write Python code and outputs. You can use Python in Colab, Jupyter Notebook, Spyder, Visual Studio Code or other similar tools. You cannot use other software like R or Stata.

This course will use Crowdmark, a collaborative online grading tool for marking and providing feedback on graded term assessments. Crowdmark provides efficiencies with grading, data recording, returning term assessments and handling regrade requests. Copies of student work marked in Crowdmark, including grading and feedback, will be available online to students for at least one year. Digital (i.e., online) copies will serve as the authoritative record for course administrative purposes, and paper copies of assessments scanned and uploaded to Crowdmark will be destroyed after the term has ended and final grades are approved. If students have questions about how your information is stored on Crowdmark, please contact your course instructor.

## 4.2 Tests & Examinations

There will be one term test and one final examination. The final examination is cumulative. The term test and the final exam are each two hours long. The test and the exam will be comprised of problems to be solved. Any material from the lecture and the tutorials can appear on the test and on the exam.

For ongoing injury, illness, or personal/family problems that last longer than five days students must contact their College Registrar immediately. Students who miss the term test for medical reasons may seek special consideration by contacting their College Registrar first and ask the College Registrar to contact the instructor about the makeup term test. Only if the instructor hears from the College Registrar, students' marks for the missed term test will be based on their marks of the makeup term test.

Date, time, and location of the makeup term test will be published in due time. Consistent with university policy, there will be no "makeup" test for the makeup test. No medical excuses will be accepted, and a grade of zero will be applied if the students fail to write the makeup test. Note that the makeup test will include all the material covered right up to the lecture before the makeup test.

Students who miss the final exam for viable reasons may initiate petitions to the Faculty of Arts & Science. You can request regrades in writing for the term test and the problem sets within two weeks of their release date. Your entire test/assignment will be regraded and the new, possible adjusted grade (up or down) will be submitted after the two weeks. A request form will be provided on Quercus. Please write a short paragraph explaining why you should obtain additional marks.

# 5 Tutorials

A TA will lead the tutorial most weeks (see schedule below). They will go through practice problems and old test questions and introduce you to Python. Even though the practice problems are not graded, they are important for helping you to learn the material and perform well in the course. The introduction to Python establishes the groundwork for the empirical section of the course.

# 6 Communication

For content-related questions, in particular questions regarding the tutorial problems and problem sets, please approach the TA **during their office hours**.

If your question cannot be answered by the TA, please talk to the instructor **during their office hours**.

Direct all questions unrelated to course material (e.g., accommodations, missed exams, etc.) to the **course email** address. Make sure that you use your UofT email address and include your name and student number at the end of your email.

Emails that cannot be answered in 1-3 sentences or pertain to information that can be found on the website or the syllabus will not be answered. For more detailed inquiries, please use the office hours.

# 7 Course Outline

The schedule is tentative and subject to change.

| **Week** | **Date** (of Lec.) | **Lecture** | **Tutorial** | **Due** |
|---|---|---|---|---|
| 1 | Sep 5 | Monopoly I | M1 | – |
| 2 | Sep 12 | Monopoly II | M2 | – |
| 3 | Sep 19 | Demand Estimation I | Python Intro | – |
| 4 | Sep 26 | Quantity Competition I | QC1 | – |
| 5 | Oct 3 | Quantity Competition II | QC2 | GPS1 |
| 6 | Oct 10 | Price Competition I | PC1 | – |
| 7 | Oct 17 | Term Test | – | – |
| 8 | Oct 24 | Price Competition II | PC2 | – |
| – | Oct 28 – Nov 1 | *Fall Reading Week* | – | – |
| 9 | Nov 7 | Demand Estimation II | – | – |
| 10 | Nov 14 | Market Entry I | ME1 | GPS2 |
| 11 | Nov 21 | Market Entry II | ME2 | – |
| 12 | Nov 28 | Auctions | A | – |

# 8 Students with Disabilities or Accommodation Requirements

Students with diverse learning styles and needs are welcome in this course. If you have an acute or ongoing disability issue or accommodation need, you should register with Accessibility Services (AS) at the beginning of the academic year by visiting https://studentlife.utoronto.ca/department/accessibility-services/. 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 assess your 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 needs or condition with any instructor, and your instructors will not reveal that you are registered with AS.

# 9 Academic Integrity

All suspected cases of academic dishonesty will be investigated following procedures outlined in the (Code of Behaviour on Academic Matters). If you have questions or concerns about what constitutes appropriate academic behavior or appropriate research and citation methods, please reach out to me. Note that you are expected to seek out additional information on academic integrity from me or from other institutional resources. For example, to learn more about how to cite and use source material appropriately and for other writing support, see the U of T writing support website. Consult the Code of Behaviour on Academic Matters for a complete outline of the University's policy and

expectations. For more information, please see (A&S Student Academic Integrity) and the University of Toronto Website on Academic Integrity.

# 10 Equity, Diversity and Inclusion

The University of Toronto is committed to equity, human rights and respect for diversity. All members of the learning environment in this course should strive to create an atmosphere of mutual respect where all members of our community can express themselves, engage with each other, and respect one another's differences. U of T does not condone discrimination or harassment against any persons or communities.

# 11 Course Materials

Course materials are provided for the exclusive use of enrolled students. These materials should not be reposted, shared, put in the public domain, or otherwise distributed without the explicit permission of the instructor. These materials belong to your instructor, the University, and/or other sources depending on the specific facts of each situation and are protected by copyright. Students violating these policies will be subject to disciplinary actions under the Code of Student Conduct.