

Imperfect Competition Syllabus (Romano; Spring 2017)

Instructor: Richard Romano
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Office Hours: W 3-4pm, Th 4-5pm & by appointment
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Class Schedule: T,Th 9:35-11:30am

Reading: Tirole, J., *The Theory of Industrial Organization*, MIT Press, 1988. **T**

Relevant chapters in the text are listed in the course outline below. Read the chapters before the lectures.

Note on textbook: Tirole's textbook is the definitive work on the basics of imperfect competition. A more recent textbook is P. Belleflamme and M. Peitz, *Industrial Organization: Markets and Strategies*, Cambridge University Press, 2010.

Prerequisites:¹ Micro Theory 1 (ECO7115) or equivalent; Game Theory for Economics (ECO 7404) or equivalent; Mathematical Methods and Applications to Economics (ECO 7408) or equivalent.

Course Description: The course is intended to develop the basic theoretical results concerning markets with imperfect competition. We cover three central topics. First, we examine the exercise of monopoly power, with attention to several issues (examples being rent seeking and price discrimination). Second, we study vertical relationships between firms, when at least one has market power. Last, we study oligopolistic behavior, examining both static and dynamic models.

Outline and Reading:

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| 1. | Classic Monopoly | Chapter 1 (including Supplementary Section 1.5) ² T
Section 2.2 in Chapter 2 T |
| 2. | Price Discrimination | Chapter 3 up to 3.5.2 (p. 159) T |
| 3. | Vertical Control | Chapter 4 through 4.5 T |
| 4. | Static Oligopoly | Chapter 5 (including 5.7) T |
| 5. | Dynamic Oligopoly | Chapter 6 up to 6.7 T |

¹ This is a required course in the second semester of the Ph.D. sequence in economics, thus presuming the first semester required courses have been successfully completed.

² Note that Chapter 1 in **T** is the "Monopoly" chapter, not the first chapter in the book.

Grading: Your course grade will be based on two problem sets (25% each) and a final examination (50%). I will hand out the first problem set about half-way through the course and the second the last week of the lectures. In each case, I'll give you a couple of days to finish it. The final exam will be during the week of Feb. 27, with exact date not yet set.

Professionalism and Honor Code: Students are expected to conduct themselves professionally. Students must arrive to class on time, turn off cell phones, and not open laptop computers. Students must be respectful of their peers. As well, the instructor will show students respect and treat them fairly and professionally. UF students are bound to not cheat or plagiarize, and are bound by The Honor Pledge which states, "We, the members of the University of Florida community, pledge to hold ourselves and our peers to the highest standards of honor and integrity by abiding by the Honor Code. On all work submitted for credit by students at the University of Florida, the following pledge is either required or implied: 'On my honor, I have neither given nor received unauthorized aid in doing this assignment.'" More details on the Honor Code, including sanctions for violations, can be found at:

<http://gradcatalog.ufl.edu/content.php?catoid=8&navoid=1493#student-honor-code> .

Students Requiring Accommodations: Students with disabilities requesting accommodations should first register with the Disabilities resource Center (392-8565, www.dso.ufl.edu/drc/), providing appropriate documentation. Once registered, students will receive an accommodation letter that can be presented to the instructor when requesting accommodation. Please register at the beginning of the course if seeking accommodations.

Course Evaluation: Students are encouraged to provide feedback on the quality of instruction in this course by completing online evaluations at <https://evaluations.ufl.edu>. Evaluations are typically open during the last two weeks of the semester, but students will be given specific times when they are open for the course.

Health Counseling and Emergencies: Contact information for UF counseling and mental health services are: 392-1575, <http://www.counseling.ufl.edu/cwc/Default.aspx> . Dial 9-1-1 for any emergencies.