

## Imperfect Competition Syllabus (Romano; Fall 2020)

Instructor: Richard Romano  
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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:<sup>1</sup> 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     | Introduction (pp. 1-14) <b>T</b><br>Chapter 1 (including Supplementary Section 1.5) <sup>2</sup> <b>T</b><br>Section 2.2 in Chapter 2 <b>T</b> |
| 2. | Price Discrimination | Chapter 3 up to 3.5.2 (p. 159) <b>T</b>  |
| 3. | Vertical Control     | Chapter 4 through 4.5 <b>T</b>   |
| 4. | Static Oligopoly     | Chapter 5 (including 5.7) <b>T</b>   |
| 5. | Dynamic Oligopoly    | Chapter 6 up to 6.7 <b>T</b>   |

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<sup>1</sup> I know that you are taking two of these courses concurrently with this class. This is fine.

<sup>2</sup> Note that Chapter 1 in **T** is the "Monopoly" chapter, not the chapter titled "The Theory of the Firm" in the book.

Grading and Problems: Your course grade will be based on a take-home exam given out early in the week of final exams (week beginning Dec. 13). I will coordinate with the other professors regarding the exact timing. Tirole provides problems throughout the development, coded by one, two, or three stars (with answers). You should attempt/do the one and two star problems; of course, try the three stars as you please. I will also provide a couple of problem sets, though these will not be graded.

Professionalism and Honor Code: Students are expected to conduct themselves professionally. 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> .

Rules on Recordings: *I do not plan to record our synchronous meetings, but should the need arise, you will be informed of this at the beginning of the meeting.* As such, here are the university requirements in this event verbatim: Our class sessions may be audio-visually recorded for students in the class to refer back and for enrolled students who are unable to attend live. Students who participate with their camera engaged or utilize a profile image are agreeing to have their video or image recorded. If you are unwilling to consent to have your profile or video image recorded, be sure to keep your camera off and do not use a profile image. Likewise, students who un-mute during class and participate verbally are agreeing to have their voices recorded. If you are not willing to consent to have your voice recorded during class, you will need to keep your mute button activated and communicate exclusively using the "chat" feature, which allows students to type questions and comments live. The chat will not be recorded or shared. As in all courses, unauthorized recording and unauthorized sharing of recorded materials is prohibited.

Students Requiring Accommodations: Students with disabilities requesting accommodations should first register with the Disabilities Resource Center (392-8565, [www.dso.ufl.edu/drc/](http://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.