

Assoc. Prof. Dr. Anita Gantner

WS 2023/24

Firms, Markets, Competition
(Firmen, Märkte, Wettbewerb)

Elective course (Wahlmodul): 7,5 ECTS-AP, 4 SSt

General Remarks:

This course consists of a 2-hour-lecture (LV-Nr.: 432070) and a 2-hour proseminar (LV-Nr.: 432071).

Prerequisites:

Successful completion of the compulsory module “Theory of Economic Decisions: Strategic Behavior” (“Theorie ökonomischer Entscheidungen: Strategisches Verhalten”). Willingness to deal with formal models is also required.

Time and Place:

VU: Mondays from 11:30 – 13:00 in SR 4 (Oct 2, 2023 – Jan 29, 2024)

PS: Thursdays from 13:15 – 14:45 in SR 9 (Oct 5, 2023 – Feb 1, 2024)

VU - Requirements for successful completion:

- *Attendance:* Regular attendance in class is expected.
- *Homework assignments:* Regular problem sets will be assigned, which have to be solved and uploaded (group work is ok). You should regularly work on these exercises and be ready to present your solution in class.
- *Written exams:* There will be a shorter midterm test (45 min) on **November 13, 2023** and a final exam (60 min) on **January 29, 2024** during regular class in SR 4.
- *Grading:* The midterm test accounts for 30% of the grade, the final exam for 50%, and the performance in the homework assignments accounts for 20% (completeness of assignments and presenting it in class).

PS - Requirements for successful completion:

- *Attendance:* Regular attendance in class is expected.
- *Homework assignments:* Several problem sets will be assigned, which have to be solved and uploaded (group work is ok). You should regularly work on these exercises and be ready to present your solution in class.
- *Presentation:* Case studies on policy issues, mergers and cartels will be presented by groups of 2-3 students. More information will be given in the first meeting.
- Expected dates for presentation: Dec 15, Jan 19 and Jan 26.
- *Written exam:* There will be a single written exam (75 minutes) on **December 7, 2023**.
- *Grading:* The homework assignments account for 20% (completeness of assignments and presenting it in class), the presentation for 30%, and the written exam for 50% of the grade.

Details on the homework assignments:

You may solve the assigned problem sets individually or in groups of 2-4 students. Working on the problem sets will help you prepare for the exam and is crucial for mastering the material.

We will discuss most of the assigned problems in class. At the beginning of each relevant session, you will be asked to mark (on a sheet that I will pass around) which of the problems you worked on for that session. If you mark a problem as “done”, you may be asked to present your solution to this problem. Each individual performance will be graded, allowing you to earn up to 10% of the total grade. Another 10% of the grade will be awarded based on your completion rate of the homework assignments. The more problems you mark as “done”, the more points you earn, up to the maximum of 10% of the total grade. All assignments need to be uploaded on OLAT on time.

Please keep the exam dates free from any other obligations. An alternative exam date will be offered only in exceptional circumstances.

Registration:

Registration is via computer. Registered students who decide to unregister must do so by notifying the lecturer no later than Oct 28, 2023. After that date, registrations cannot be cancelled and all students will receive a grade for the course.

Topics of this course:

- Review: Basic concepts of microeconomics and game theory: monopoly and oligopoly theory (formal treatment)
- Competition policy: definition, objectives and European legal foundation
- Welfare effects of monopolies: homogenous product and multiproduct monopolies, prevention through market mechanisms, price discrimination
- Market power and its assessment
- Collusion: types and features
- Horizontal and vertical mergers
- Vertical restraints (resale price maintenance, exclusive dealing, etc.)
- Price competition with product differentiation
- Predatory pricing
- Chain store paradox and strategic investments
- Other selected topics if time permits (competition and innovation, bundling & tying, compatibility, etc.)

Literature:

Massimo Motta (2004). Competition Policy: Theory and Practice. Cambridge University Press.