

Assoc. Prof. Dr. Anita Gantner

WS 2024/25

**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 7, 2024 – Jan 27, 2025)

**PS:** Thursdays from 13:15 – 14:45 in SR 9 (Oct 3, 2023 – Jan 30, 2025)

**VU - Requirements for successful completion:**

- *Attendance:* Regular attendance in class is expected.
- *Presentation:* Case studies on policy issues, mergers and cartels will be presented by small groups of students. More information will be given in the first meeting.
- Expected dates for presentation: starting Dec 5, 2024.
- *Written exams:* There will be a final exam on **January 27, 2025** during regular class.
- **Grading for VU-part:** The presentation accounts for 30% of the grade, the final exam for 70%.

**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.
- *Quizzes:* There will be three quizzes (**Oct 31, Nov 21, Jan 16**). Your best 2 quizzes will count towards the PS-grade, and your worst quiz will be dropped. Note that there are no alternative dates for quizzes; allowing you to drop one quiz takes into account illnesses or other reasons for being absent on the day of a quiz.
- **Grading for PS-part:**
  - 40% homework assignments: 20% is for completeness of the homework, and 20% for individual in-class presentation of the homework.
  - 60% quizzes: 30% for each of your best two quizzes.

**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 20% of the total PS-grade. Another 20% 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 20% 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 at the end of week 3 of the semester. After that date, registrations cannot be cancelled.

**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.