

Dottorato in *Economia e Finanza dell'Amministrazione Pubblica* (Università Cattolica del Sacro Cuore di Milano) e Dottorato in *Economia e Statistica* (Università di Milano Bicocca)

MICROECONOMICS - PART 4 (2023)

Market power: pricing

(Paolo Bertoletti)

SYLLABUS

1. Introduction: partial equilibrium analysis (handout PEA)
2. Monopoly under complete information; Mas-Colell *et al.*, 1995: section 12.B (handout MP1)
3. Monopoly under incomplete information; Tirole, 1988, section 3.5.1.2 (handout MP2)
4. Static models of oligopoly - basic settings; Mas-Colell *et al.*, 1995: section 12.C (handout OP1)
5. Static models of oligopoly – capacity constraint and product differentiation: Mas-Colell *et al.*, 1995; section 12.C (handout OP2)
6. Dynamic models of oligopoly – supergames: Mas-Colell *et al.*, 1995; section 12.D (handout OP3)
7. Entry in oligopoly and monopolistic competition – the competitive limit; Mas-Colell *et al.*, 1995: sections 12.E and 12.F (handout OP4)

TEXTBOOKS:

- Andreu Mas Colell, Michael D. Whinston and Jerry Green, *Microeconomic Theory*, Oxford University Press 1995: chapter 12
- Jean Tirole, *The Theory of Industrial Organization*, MIT Press, 1988 (chapter 3)

FURTHER READINGS:

- William Baumol, John Panzar and Robert Willig, 1982, *Contestable Markets and the Theory of Industry Structure*, San Diego: Harcourt
- Michael R. Baye and John Morgan, 1999, A folk theorem for one-shot Bertrand games, *Economics Letters*, 65, 59-65

- Paolo Bertoletti and Federico Etro, 2016, Preferences, Entry and Market Structure, *Rand Journal of Economics*, 47, 4, 792-821
- Paolo Bertoletti and Federico Etro, 2017, Monopolistic Competition when Income Matters, *Economic Journal*, 127, 603, 1217-43
- Paolo Bertoletti and Federico Etro, Monopolistic Competition, as You Like It, *Economic Inquiry*, 60, 1, 2022, pp. 293-319
- Edward Chamberlin, 1933, *The Theory of Monopolistic Competition: A Re-orientation of the Theory of Value*, Cambridge: Harvard University Press
- Yongmin Chen and Michael H. Riordan, 2007, Price and variety in the spokes model, *Economic Journal*, 117, Issue 522, 897-921
- Avinash Dixit and Joseph Stiglitz, 1977, Monopolistic Competition and Optimum Product Diversity, *American Economic Review*, 67, 297-308
- Kevin Lancaster, 1975, Socially Optimal Product Differentiation, *American Economic Review*, 65(4), 567-585
- Eric Maskin and John Riley, 1984, Monopoly with Incomplete Information, *Rand Journal of Economics*, 15, 171-196
- Gregory N. Mankiw and Michael D. Whinston, Free Entry and Social Inefficiency, *Rand Journal of Economics*, 17, 48-58
- Marc Melitz, 2003, The Impact of Trade on Intra-Industry Reallocations and Aggregate Industry Productivity, *Econometrica*, 71, 6, 1695-725
- Steven C. Salop, 1979, Monopolistic Competition With Outside Goods, *Bell Journal of Economics*, 10, 141-56
- Michael Spence, 1976, Production Selection, Fixed Costs, and Monopolistic Competition, *Review of Economic Studies*, 43, 2, 217-35
- Xavier Vives, *Oligopoly Pricing*, MIT Press, 1999 (chapters 3 and 6)
- Herbert E. Scarf, 1994, The Allocation of Resources in the Presence of Indivisibilities, *Journal of Economic Perspectives*, 8, 4, 111-128