# Market Structures and Industrial Policy (degree in Business Management and Consultancy)

## Prof. Lucrezia Fanti

***Text under revision. Not yet approved by academic staff.***

***COURSE AIMS AND INTENDED LEARNING OUTCOMES***

The course aims to analyse the different market structures in the different business sectors. The analysis will mostly focus on the most common market forms in real life, without however neglecting the theoretical models of reference (competition, monopoly and oligopoly). The course aims to offer students the tools, both theoretical and empirical, to critically understand the market characteristics analysed during lectures.

At the end of the course, students will know the main types of market and the optimal strategies of producers in the most canonical situations. Students will also be able to evaluate the effects of producers' choices in more specific circumstances, such as in the face of possible vertical integration or horizontal merging. Moreover, they'll be able to evaluate the effects of such choices by a company on the well-being of the community.

Based on characteristics such as number of companies or type of products, students will be able to link the occasional practical cases analysed to the theoretical classifications. Finally, students will be able to interpret the main indicators of company performance and productivity.

***COURSE CONTENT***

Introduction to the course

– What the economics of market structures studies

– Relevance of the study of market structures within the contemporary economic context

– Some preliminary evidence

1. Companies, Industries, Markets

- From the single demand (supply) to the aggregate demand (supply)

- Business concepts; reference market; industry

- Production; returns of scale; economies of scale

- Business choices: quantity, price, vertical integration

2. From perfect competition to monopoly

- Balance with and without fixed costs. Surplus of consumers and producers

- Monopoly: hypotheses and implications.

- Monopoly: market power and innovation

3. The oligopoly and its dynamics.

- Cournot and Bertrand. Attempts to collude and incentives to deviate

- Oligopoly: from cartels to horizontal mergers

- Effects of a merger and possible remedies

4. Vertical agreements, price discrimination and product differentiation

- Vertical structure of the industry and agreements between companies

- Double marginalisation and free-riding

- Rates in two parts and RPM. Exclusion (or Foreclosure)

- Exclusive contracts to prevent revenue

5. Industrial dynamics and productivity.

- Productivity measures

- Productivity and growth

- Models for the business growth process

- Entry and exit processes

6. Statistical evidence from empirical analysis

- Variation in industrial productivity and its breakdown

- The domestic and foreign market

- Investments and business productivity

***READING LIST***

Reference textbooks:

L. Cabral, *Economia industriale*, Carocci, Rome (2018).

F. Lotti-V. Meliciani, *Dinamiche industriali,* il Mulino, Bologna (2021)

Detailed syllabus and further study material will be made available online on the Blackboard dedicated platform.

***TEACHING METHOD***

The course is held in blended learning mode and includes on-site activities (50%) and remote activities (50%).

The on-site activities consist of interactive lectures to get an overview of the topics covered. The remote activities include video lectures (asynchronous), active discussions on articles or cases through webinars (synchronous), and live feedback sessions. The syllabus containing the analytical course content will be posted on Blackboard.

***ASSESSMENT METHOD AND CRITERIA***

A. *Ongoing assessment*

For students who opt for the ongoing assessment: 50% of the assessment will be based on two tests (a written test and a group assignment), taken during the course, according to instructions, contents and timings that will be posted on the Blackboard area reserved for the students enrolled in the course; while the remaining 50% of the assessment will be based on a 45 minutes final written examination.

The test duration is one hour. Students may take the final test only after passing the tests taken during the course. To pass the entire exam, the result of the final test (to be held in one of the 3 exam sessions following the end of the course) must be sufficient.

B. *Single summative assessment*

For the students who wish to opt for a single assessment during the examination session, the exam consists of a 90 minutes written test.

***NOTES AND PREREQUISITES***

A good knowledge of microeconomics is essential for a successful course attendance. A good reference text, just as an example, is H.R. Varian, Microeconomia, Cafoscarina, Venice.

Further information can be found on the lecturer's webpage at http://docenti.unicatt.it/web/searchByName.do?language=ENG, or on the Faculty notice board.