

Mini-Course on Oligopoly Theory

By Nir Dagan

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Outline

- 1** Monopoly
 - 1.1** Simple single product monopoly
 - 1.2** Price discrimination
 - 1.2.1** Third degree price discrimination: when it is possible to identify consumers, and consumers cannot resell.
 - 1.2.2** Discrimination via quality choice and self selection. Consumers are not identified, and resale is possible.
- 2** Bertrand Oligopoly: Nash equilibrium in price competition with a single commodity
- 3** Tacit collusion: Infinitely repeated price competition and the folk theorem for subgame perfect equilibria.
- 4** Product differentiation
 - 4.1** Exogenous substitute products, best response curves and Nash equilibrium.
 - 4.2** Spatial competition: the linear city
 - 4.2.1** Newspaper stands: location choice when prices are fixed, and the principle of minimum differentiation.
 - 4.2.2** Two stage competition: first location, then prices, and the principle of maximum differentiation.

Recommended textbooks

- Shy, Oz (1996) *Industrial Organization: Theory and Applications*, The MIT Press, Cambridge, Massachusetts.
- Tirole, Jean (1988) *The Theory of Industrial Organization*, The MIT Press, Cambridge, Massachusetts.