

Topics on Horizontal Mergers

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Duration: 12 hours

A merger is said to be horizontal when involves firms operating in the same industry. Horizontal mergers are one of the main tools adopted by firms to increase their competitiveness. After an initial review of the seminal contributions discussing the forces leading firms to engage in a horizontal merger, the focus will be on cutting hedge research on the role of Competition Policy in evaluating their social impact.

The course is designed for those students who already took an undergraduate course in Industrial Organization and are therefore familiar with the main models of market competition and the game theoretical solution concepts under static and dynamic interaction.¹ The course prepares the student who wishes to pursue academic research on the topic.

Below, a list of the main references can be consulted.

- Salant, S., S. Switzer and R. J. Reynolds, 1983. “Losses from horizontal mergers: the effects of an exogenous change in industry structure on Cournot-Nash equilibrium”, *Quarterly Journal of Economics*, 98, 185-199.
- Deneckere, R. and C. Davidson, 1985. “Incentives to form coalitions with Bertrand competition”, *Rand Journal of Economics*, 16, 473-486.
- Williamson, O., 1986. “Economies as an Antitrust Defense: The Welfare Tradeoffs ”, *American Economic Review*, 58(1), 18-36.
- Farrell, J. and C. Shapiro, 1990. “Horizontal Mergers: an equilibrium analysis”, *American Economic Review*, 80, 107-126.
- McAfee, R. P., and M. A. Williams, 1992. “Horizontal mergers and antitrust policy ”, *Journal of Industrial Economics*, 40, 181-187.
- Motta., M., 2004.“Competition Policy: Theory and Practice ”, Cambridge University Press.

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¹For those students who are interested, but have never took a course in IO, the preliminary course by Prof. Alberto Iozzi is recommended.

- Nocke, V. and M. D. Whinston, 2010. “Dynamic Merger Review ”, *Journal of Political Economy*, 118, 1201-1251.
- Nocke, V. and M. D. Whinston, 2013. “Merger Policy with Merger Choice ”, *American Economic Review*, 103(2), 1006-1033.
- Mermelstein., B., Nocke, V., Satterthwaite M. A., and M. D. Whinston, 2020. “Internal versus External Growth in Industries with Scale Economies: A Computational Model of Optimal Merger Policy ”, *Journal of Political Economy*, 128(1), 301-341.
- Nocke, V. and M. D. Whinston, 2022. “Concentration Thresholds for Horizontal Mergers ”, *American Economic Review*, 112(6), 1915-1948.
- Koltay, G., Lorincz., S., and T. Valletti, 2023. “Concentration and Competition: Evidence from Europe and Implications for Policy”, *Journal of Competition Law & Economics*, 19, 466-501.