

# **Topics in Microeconomics (21931)**

UPF, Spring 2015

Ramon Caminal

Contact details: [ramon.caminal@upf.edu](mailto:ramon.caminal@upf.edu), and tel. 935806612.

Office hours: TBA and by appointment

Lectures: Thursday and Friday, 18:00-19:30. Room 40.150 (Roger de Llúria)

Seminars: Tuesday, 14:30-16:00. Room 13.108 (Ramon Turró).

## **Course objectives**

This course covers two broad areas: bargaining and internet economics. In both areas we will review formal theoretical models as well as empirical and experimental evidence.

## **Course Information**

This course is taught in English. There will be three problem sets. Grades will be based on the final exam (60%) as well as on class participation and problem sets (40%). There will be also a make-up exam on July 10<sup>th</sup>.

## **Outline and references**

### **PART I: Bargaining theory and applications**

1. Introduction  
NON-COOPERATIVE BARGAINING
2. Two-person games with complete information
3. Social preferences
4. Deadlines
5. Asymmetric information: delays  
COOPERATIVE GAME THEORY
6. Nash-bargaining solution
7. Delegation in wage bargaining
8. The Shapley value
9. The core
10. Simultaneous bilateral negotiations: merger proposals and policy implications

### General references:

- Muthoo, A. (1999), *Bargaining Theory with Applications*. Cambridge University Press.
- Raiffa, H., J. Richardson, and D. Metcalfe (2002), *Negotiation Analysis: The science and art of collaborative decision making*. Harvard University Press.
- Muthoo, A. (2000), A Non-Technical Introduction to Bargaining Theory. *World Economics* 1 (2), 145-166.

### Additional readings:

- Fehr, E. and K. Schmidt (1999), A Theory of Fairness, Competition, and Cooperation. *The Quarterly Journal of Economics* 114(3), 817-868.
- Oosterbeeck, H., R. Sloof, and G. Van de Kuilen (2004), Cultural Differences in Ultimatum Game Experiments: Evidence from a Meta Analysis. *Experimental Economics* 7, 171-188.
- Burguet, R. and R. Caminal (2014), Bargaining failures and merger policy. Barcelona GSE working paper # 633. Forthcoming in *International Economic Review*.
- Schotter, A., W. Zheng, and B. Snyder (2000), Bargaining through Agents: An Experimental Study of Delegation and Commitment. *Games and Economic Behavior* 30, 248-292.
- Roth, A., K. Murnigan, and F. Schoumaker (1988), The Deadline Effect in Bargaining: Some experimental Evidence. *American Economic Review* 78(4), 806-823.

## **PART II: Internet Economics**

11. Introduction
12. Search costs, consumer welfare and price dispersion
13. The costs of searching on the internet: price effects
14. Obfuscation strategies
15. The reliability of monopolistic search engines
16. The “Long tail” effect
17. Advertising and social networks

### General references:

- Peitz, M. and M. Reisinger (2015), The Economics of Internet Media. Forthcoming in S. Anderson, D. Stromberg, and J. Waldfoegel (editors) *Handbook of Media Economics*, Elsevier.
- Ellison, G. and S. Ellison (2005), Lessons About Markets from the Internet. *Journal of Economic Perspectives* 19(2), 139-158.
- Anderson, C. (2004), The Long Tail. *Wired Magazine* 12.10. available at: <http://archive.wired.com/wired/archive/12.10/tail.html>

The Economist (2011), Google, the new General Electric.  
Burguet, R. (2014), Comercio Online. *Economia Industrial* 393, 41-50

Additional readings:

- Anderson, S. and R. Renault (1999), Pricing, Product Diversity, and Search Costs: a Bertrand-Chamberlin-Diamond model. *RAND Journal of Economics* 30(4), 719-735.
- Baye, M., J. Morgan, and P. Scholten (2004), Price Dispersion in the Small and in the Large: Evidence from an Internet Price Comparison. *The Journal of Industrial Economics* 52(4), 463-496.
- Ellison, G. and S. Ellison (2009), Search, Obfuscation, and Price Elasticities in the Internet. *Econometrica* 77(2), 427-452.
- Ellison, G. (2005), A Model of Add-on Pricing. *Quarterly Journal of Economics* May, 585-637.
- Yang, H. (2013), Targeted search and the long tail effect. *RAND Journal of Economics* 44 (4), 733-756.
- Brynjofsson, E., Y Hu, and D. Simester (2011), Goodbye Pareto principle, hello long tail: The effect of search costs on the concentration of product sales. *Management Science*, 1580-1596.
- Burguet, R., R. Caminal, and M. Ellman (2015), In Google we trust? *International Journal of Industrial Organization* 39, March, 44-55.
- Mueller-Frank, M. and M. Pai (2014), Do Online Social Networks Increase Welfare? Mimeo IESE business school.

Seminars: Tentative schedule:

April 14  
April 28  
May 12  
May 26  
June 9  
June 16