

SCHOOL OF COMMERCE RESEARCH SEMINAR SERIES

Friday 31 March

Presenter: Associate Professor Magnus Soderberg, Academic, School of Commerce.

Title: Does electoral competition reduce monopoly prices?

Abstract: Mechanism that drive down the monopoly price so that it is equal to marginal cost have existed since the end of the 1970s. However, these mechanisms typically require several periods to reach the welfare maximising price level in practise. In this paper we run lab experiments to investigate if electoral competition can make prices reach the welfare maximising equilibrium sooner. When there is competition between the two available monopoly players, prices move towards the equilibrium much faster. This can be a reason why publicly owned monopolists are often found to set lower prices than their private counterparts.

Date and Time: Friday 31 March, 10.00am – 12.00pm

Location: Way Lee Building, WL2-47
City West Campus, University of South Australia

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