

Market Power in the 21st Century

Bachelor Seminar, Summer 22

Basic Information

- Instructors: Sebastian Findeisen, Oliver Schlenker, Lucas Buetje. Office hour policy will be announced in the first meeting.
- Time and location:
 - Introductory Session: Tuesday, May 10, 13:30, Room: tdb
 - Block seminar: Friday, July 1st and Saturday, July 2nd (6-7 hours per day estimated)
- Grading (planned, might change slightly): term paper (40%), presentation (35%), active participation in class (25%)
- In-person at the Uni (on Zoom if health restrictions rule out in-person instructions)

Course Outline

Since the 1980's, wages for the average workers have stagnated in many countries. At the same time, wage inequality has been rising. Many other long term trends are also profoundly transforming work. In this seminar, we take a bird's-eye view on the future of work in modern times. Some of the facts about work we learn about are well known and others are new, and often even counterintuitive.

We will, for example, learn that the labor market is much less dynamic than it used to be. Workers switch employers less frequently, which is bad for wage growth. Despite the notion that former start-ups like Google (Alphabet) or Facebook (Meta) are huge presences in our lives, we will learn that the number of start-ups and the formation of new companies are on the decline.

A core thesis of the seminar will be how these developments are related to market power and new technologies. Rapid technological change has created great potential for economic and social progress in the last 40 years. Innovating firms improve efficiency and the lives of citizens. At the same time, the new technology has let firms build up market power and dominance that is detrimental for work. Some companies like Meta, which has consolidated the large social media platforms Facebook, Instagram, and WhatsApp, have increased their stronghold on their respective markets, giving them enormous influence on the lives of many citizens, workers, and consumers.

The seminar will be based on the recent book *The Profit Paradox. How Thriving Firms Threaten the Future of Work* (2021), by Jan Eeckhout. Every participant is expected to read it as a requirement. It is available here, from inside the Uni Konstant network (or remote VPN):

<https://www.degruyter.com/document/doi/10.1515/9780691222769/html>

You will write a report about parts of the book, its underlying research paper, and do a presentation in class. In addition, you are expected to actively contribute to our discussions in class.

Book

Eeckhout, Jan. *The Profit Paradox. How Thriving Firms Threaten the Future of Work* (2021)