

Endogenous Price Leadership

Takashi Komatsubara*
Kyoto University

Makoto Yano†
Kyoto University

April 22, 2009

Abstract

It has been known in the existing literature that collusion of competitors is crucial in the formation of a price leader in a market for a homogeneous product. This raises an important antitrust law issue: Whether or not is the existence of a price leader *per se* a result of an anti-competitive collusion that should be prohibited under the antitrust law? In this study, we demonstrate otherwise. That is, a price leader can be formed through competitive actions if a large technological difference exists among competitors.

JEL Classification Numbers: D21, D43, K21, L11, L13.

Keywords: Price Leadership, Technological Differences, Collusion, Antitrust Law.

*Takashi Komatsubara, Tokyo Mita Office, Institute of Economic Research, Kyoto University, Osakaya Building 5F, 3-1-9 Mita, Minato-ku, Tokyo 108-0073, Japan. Email: komatsubara@kier.kyoto-u.ac.jp.

†Institute of Economic Research, Kyoto University, Yoshida Honmachi, Sakyo-ku, Kyoto 606-8501, Japan. Email: yano@kier.kyoto-u.ac.jp.