"Assessing the Consequences of a Horizontal Merger and Its Remedies in a Dynamic Environment"

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This paper estimates a dynamic oligopoly model to assess the economic consequences of horizontal merger that took place in 1970 to create the second largest global producer of steel. The paper solves a Markov perfect Nash equilibrium for the model and simulates the welfare effects of the horizontal merger. Estimates reveal that the merger not only enhanced the production efficiency of the merging party by a magnitude of 28.3%, but also allowed it to reduce investment and fixed costs by 26.7%. Our simulation result also indicates that structural remedies endorsed by the completion authority had a marginal influence in competition by promoting the investment from non-merged firms.