



Teacher(s)	Johnen Johannes ;
Language :	English
Place of the course	Louvain-la-Neuve
Prerequisites	<i>The prerequisite(s) for this Teaching Unit (Unité d'enseignement – UE) for the programmes/courses that offer this Teaching Unit are specified at the end of this sheet.</i>
Aims	<p>1</p> <p>-----</p> <p><i>The contribution of this Teaching Unit to the development and command of the skills and learning outcomes of the programme(s) can be accessed at the end of this sheet, in the section entitled "Programmes/courses offering this Teaching Unit".</i></p>
Evaluation methods	<p>The students can submit a graded homework on which they have to work in groups. The graded homework consists of three parts. First, one part on the understanding of basic economic concepts that were discussed in class. Second, a part on a theoretical model. Third, a very applied part where the students have to apply the economic concepts that we discussed in class to discuss a real-life economic problem. This can be, for example, aspects of a real-life competition-policy case. The final written exam in January also consists of these three parts.</p> <p>The final grade results as follows:</p> <p>If final exam is better than grade of the problem set, the exam grade equals the final grade.</p> <p>If the exam is worse than the grade of the final exam, the final grade = 2/3 exam + 1/3 problem set.</p> <p>This way, submitting a problem set can never be to the disadvantage of the students.</p>
Teaching methods	<p>The goal of the course is to familiarize students with economic theory that underlies competition-policy practice. The economic theory will be introduced using economic models. But the course puts great emphasis on an intuitive understanding of these concepts. To this end, we will frequently discuss applications of the theory and real-life competition-policy cases from Europe and North America.</p>
Content	<p>The goal of the course is to familiarize students with economic theory that underlies competition-policy practice. The students should get an intuitive understanding of basic economic concepts and strategic interactions of firms, consumers and regulatory concepts. To this end, the course discusses many applications in each topic, including actual competition-policy cases from Europe and North America.</p> <p>Here is a list of the topics we will cover in class.</p> <p>1. Toolbox:</p> <ul style="list-style-type: none"> • Elasticities • Identical Consumers (Bertrand, Cournot), Welfare Analysis • Nash Equilibrium <p>1. Market Concentration:</p> <ul style="list-style-type: none"> • Measures of Market Concentration. • How to interpret Market Concentration? Harvard versus Chicago. • Entry and Concentration <p>1. Cartels:</p> <ul style="list-style-type: none"> • Collusion (static and dynamic) • Factors impacting tacit collusion (demand shocks, firm size, concentration,...) <p>1. Differentiated Products:</p> <ul style="list-style-type: none"> • Hotelling with exogeneous location • Hotelling with endogeneous location • Hotelling with endogeneous location and fixed price • Salop Circle • Differentiated Bertrand and Cournot • Vertical Differentiation • Advertising (Dorfman Steiner Equation, Informative and Persuasive Advertisement) <p>1. Entry:</p> <ul style="list-style-type: none"> • Exogeneous Barriers to Entry (patents, natural monopoly, legal monopolies)

	<ul style="list-style-type: none"> • Strategic Barriers to Entry • Strategic Investments • Predatory Pricing (deep pockets, chain-store paradox, incomplete information with Kreps Wilson and Milgrom Roberts) <p>1. Mergers:</p> <ul style="list-style-type: none"> • Merger Paradox • Williamson trade-off • Product differentiation • impact on coordination • complementary products <p>1. Vertical Relations:</p> <ul style="list-style-type: none"> • Vertical externalities (vertical restraints, double marginalization) • Horizontal externalities (prices, services) • Foreclosure <p>1. Information (If time):</p> <ul style="list-style-type: none"> • Market for Lemons • Signalling (Advertisement as price or quality signal, return warranties, branding)
<p>Inline resources</p>	<p>Available on Moodle: https://moodleucl.uclouvain.be/</p>
<p>Bibliography</p>	<ul style="list-style-type: none"> • Tirole, Jean, The Theory of Industrial Organization, MIT press. (Good for Theory) • Motta, Massimo, Competition Policy: Theory and Practice, Cambridge University Press. (Simple versions of Theory, very applied). • Belleflamme, Paul and Martin Peitz, Industrial Organization: Markets and Strategies, Cambridge University Press. (Closest to Course. But Course deviates from it!)
<p>Other infos</p>	<p>The language of the class is English.</p>
<p>Faculty or entity in charge</p>	<p>ECON</p>

Programmes containing this learning unit (UE)				
Program title	Acronym	Credits	Prerequisite	Aims
Master [120] in Agricultural Bioengineering	BIRA2M	5	LBRAI2208	
Master [60] in Economics : General	ECON2M1	5		
Master [120] in Economics: General	ECON2M	5		