


Teacher(s)	Johnen Johannes ;
Language :	English
Place of the course	Louvain-la-Neuve
Learning outcomes	<p><b>At the end of this learning unit, the student is able to :</b></p> <p>1</p>
Evaluation methods	<p>The students have to submit a graded homework on which they have to work in groups. The graded homework and the final written exam consist of three parts.</p> <ul style="list-style-type: none"> <li>• Questions on the understanding of basic economic concepts that were discussed in class.</li> <li>• Questions on a theoretical model.</li> <li>• Case-study questions 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.</li> </ul> <p>The final grade results as follows: If the graded homework is better than the final exam, the final grade is 2/3 exam grade + 1/3 graded homework. If the graded homework is worse than the final exam (for example if a student did not submit a homework) the final grade equals the exam grade. Thus, submitting a homework can only improve your final grade.</p> <p>Depending on the health situation, the final written exam might be replaced by another type of evaluation.</p> <p>The type of evaluation (e.g. written- or oral exam) in the third exam session (i.e. for students who do not succeed in the first exam session) will be determined based on the number of enrolled 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> <p>The course starts in the first week of the first term (Q1). The first lecture will take place in the classroom. Depending on the number of students and the health situation, we might move to distance teaching online via TEAMS.</p>
Content	<p>The goal of the course is to familiarize students with economic theory that underlies competition-policy practice. The students should get a formal and 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> <ol style="list-style-type: none"> <li>1. Toolbox:             <ul style="list-style-type: none"> <li>• Elasticities</li> <li>• Identical Consumers (Bertrand, Cournot), Welfare Analysis</li> <li>• Nash Equilibrium</li> </ul> </li> <li>2. Market Concentration:             <ul style="list-style-type: none"> <li>• Measures of Market Concentration.</li> <li>• How to interpret Market Concentration? Harvard versus Chicago.</li> <li>• Entry and Concentration</li> </ul> </li> <li>3. Cartels:             <ul style="list-style-type: none"> <li>• Collusion (static and dynamic)</li> <li>• Factors impacting tacit collusion (demand shocks, firm size, concentration,...)</li> </ul> </li> <li>4. Differentiated Products:             <ul style="list-style-type: none"> <li>• Hotelling with exogeneous location</li> <li>• Hotelling with endogeneous location</li> <li>• Hotelling with endogeneous location and fixed price</li> <li>• Salop Circle</li> <li>• Differentiated Bertrand and Cournot</li> </ul> </li> </ol>

	<ul style="list-style-type: none"> <li>• Vertical Differentiation</li> <li>• Advertising (Dorfman Steiner Equation, Informative and Persuasive Advertisement, if time permits)</li> </ul> <p>5. Mergers:</p> <ul style="list-style-type: none"> <li>• Merger Paradox</li> <li>• Williamson trade-off</li> <li>• Product differentiation</li> <li>• impact on coordination</li> <li>• complementary products</li> </ul> <p>6. Entry:</p> <ul style="list-style-type: none"> <li>• Exogeneous Barriers to Entry (patents, natural monopoly, legal monopolies)</li> <li>• Strategic Barriers to Entry</li> <li>• Strategic Investments</li> <li>• Predatory Pricing (deep pockets, chain-store paradox, incomplete information with Kreps Wilson and Milgrom Roberts, if time permits)</li> </ul> <p>7. Vertical Relations:</p> <ul style="list-style-type: none"> <li>• Vertical externalities (vertical restraints, double marginalization)</li> <li>• Horizontal externalities (prices, services)</li> <li>• Foreclosure</li> </ul> <p>8. Information (If time):</p> <ul style="list-style-type: none"> <li>• Market for Lemons</li> <li>• Signalling (Advertisement as price or quality signal, return warranties, branding)</li> </ul>
<p>Inline resources</p>	<p>Available on Moodle: <a href="https://moodleucl.uclouvain.be/">https://moodleucl.uclouvain.be/</a></p>
<p>Bibliography</p>	<ul style="list-style-type: none"> <li>• Tirole, Jean, The Theory of Industrial Organization, MIT press. (Good for theory)</li> <li>• Motta, Massimo, Competition Policy: Theory and Practice, Cambridge University Press. (Simple versions of theory, very applied).</li> <li>• Belleflamme, Paul and Martin Peitz, Industrial Organization: Markets and Strategies, Cambridge University Press. (Closest to the course. But the course deviates from it!)</li> </ul>
<p>Other infos</p>	<p>The language of the class is English.</p>
<p>Faculty or entity in charge</p>	<p>ECON</p>

<b>Programmes containing this learning unit (UE)</b>				
Program title	Acronym	Credits	Prerequisite	Learning outcomes
Master [60] in Economics : General	ECON2M1	5		
Master [120] in Economics: General	ECON2M	5		