


5.00 crédits	30.0 h	Q1
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Enseignants	Johnen Johannes ;
Langue d'enseignement	Anglais
Lieu du cours	Louvain-la-Neuve
Préalables	Un cours d'introduction en économie industrielle (tel que LECGE1330 : Industrial Organisation)
Thèmes abordés	Fusions et acquisitions dans les marchés de produits différenciés Stratégies (prix, capacité, variété, qualité) de prévention d'entrée en information parfaite et en information imparfaite dans les marchés de produits homogènes et de produits différenciés Extension du pouvoir de monopole et foreclosure : augmentation des coûts des concurrents, réduction de la demande des concurrents Restrictions verticales (en particulier RPM) : concurrence intra-marque et concurrence inter-marques
Acquis d'apprentissage	<b>A la fin de cette unité d'enseignement, l'étudiant est capable de :</b>  Au terme de l'activité, les étudiants auront une connaissance théorique des stratégies des firmes dans des marchés en concurrence imparfaite. Ils seront à même de comprendre comment l'information imparfaite peut modifier les stratégies des firmes et, en particulier, comment les entreprises peuvent exploiter cette imperfection de l'information. 1 Ils auront un aperçu des diverses pratiques d'exclusion que les entreprises peuvent adopter pour accroître leur profit.  Ils seront sur cette base à même d'utiliser ces fondements théoriques dans le cadre du cours LECON2314 : Economics of Competition Policy
Modes d'évaluation des acquis des étudiants	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.  <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>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>
Méthodes d'enseignement	The goal of the course is to familiarize students with the economic theory that underlies competition-policy practice. The economic theory will be introduced using economic models. However, 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.  The course starts in the first week of the first term (Q1). The first lecture will take place in the classroom.
Contenu	The course is taught in english.  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.  Here is a list of the topics we will cover in class:  1. Toolbox:

	<ul style="list-style-type: none"> <li>• Elasticities</li> <li>• Identical Consumers (Bertrand, Cournot), Welfare Analysis</li> <li>• Nash Equilibrium</li> </ul> <p>2. Market Concentration:</p> <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> <p>3. Cartels:</p> <ul style="list-style-type: none"> <li>• Collusion (static and dynamic)</li> <li>• Factors impacting tacit collusion (demand shocks, firm size, concentration,...)</li> </ul> <p>4. Differentiated Products:</p> <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> <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>
Ressources en ligne	Available on Moodle: <a href="https://moodleucl.uclouvain.be/">https://moodleucl.uclouvain.be/</a>
Bibliographie	<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>
Autres infos	The language of the class is English.
Faculté ou entité en charge:	ECON

<b>Programmes / formations proposant cette unité d'enseignement (UE)</b>				
Intitulé du programme	Sigle	Crédits	Prérequis	Acquis d'apprentissage
Master [60] en sciences économiques, orientation générale	ECON2M1	5		
Master [120] en sciences économiques, orientation générale	ECON2M	5		