


The version you're consulting is not final. This course description may change. The final version will be published on 1st June.

5.00 credits	30.0 h + 15.0 h	Q1
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Teacher(s)	Belleflamme Paul ;
Language :	English
Place of the course	Louvain-la-Neuve
Main themes	Industrial organization is the study of firms and markets. It focuses on firm behavior in imperfectly competitive markets. Such markets appear to be far more common than the perfectly competitive markets that were the focus of your basic microeconomics course. Imperfectly competitive markets are characterized by strategic interaction among firms: firms' profits depend on the combination of the decisions taken by all firms on the market. Therefore, firms must take this interdependence into account when they make their decisions. In such contexts, we want to understand how firms acquire and use market power. We also want to shed light on government competition policy. This subject will be approached from both theoretical and applied perspectives.
Learning outcomes	<p>At the end of this learning unit, the student is able to :</p> <p>1 At the end of the course, students should (i) have a deep knowledge of the basic models of oligopoly theory, (ii) understand how or why oligopolistic firms manage to exert market power, (iii) understand how governments design and apply competition policy, (iv) apply all these concepts to real-life situations.</p>
Evaluation methods	The assessment of this course is based on a final exam, which covers the entirety of the course. It is organized in the January and August exam sessions. It aims at testing the student's knowledge of the main concepts and their ability to apply these concepts through (i) the solution of numerical problems and (ii) the discussion of a real-life case study.
Teaching methods	<i>Teaching</i> is done through a mix of lectures (2 hours every week) and tutorials (in small groups; 1 hour every other week).
Content	<p>Course description</p> <p>Industrial organization is the study of firms and markets. It focuses on firms' behavior in imperfectly competitive markets. Such markets appear far more common than the perfectly competitive markets that were the focus of your introductory microeconomics course. Imperfectly competitive markets are characterized by strategic interaction among firms: firms' profits depend on the combination of the decisions taken by all firms on the market. Therefore, firms must take this interdependence into account when they make their decisions. We want to understand how firms acquire and use market power in such contexts. We also want to shed light on government competition policy. This subject will be approached from both theoretical and applied perspectives.</p> <p>Learning objectives/outcomes</p> <p>At the end of the course, students should</p> <ul style="list-style-type: none"> • have a deep knowledge of the basic models of oligopoly theory, • understand how or why oligopolistic firms manage to exert market power, • understand how governments design and apply competition policy, • be able to apply all these concepts to real-life situations.
Inline resources	A Moodle website is dedicated to the course. The slides, most of the readings, and supplementary material are available on the site, which can also be used to send course-related information.
Bibliography	<p>The course will rely heavily on the required textbook by Paul Belleflamme and Martin Peitz, <i>Industrial Organization: Markets and Strategies</i> (Cambridge: Cambridge University Press, 2015; 1st edition, 2010).</p> <p>Additional readings (typically news articles) may be posted on the Moodle website.</p> <p>Students are encouraged to scan the business sections of magazines and newspapers such as The Economist, Wall Street Journal, and Financial Times for articles relevant to the course topics.</p>
Other infos	It is assumed that the student has taken a course in introductory microeconomics. The student should be comfortable applying calculus and have a rudimentary knowledge of game theory. For those who have yet to take a course in game theory, we will review essential concepts and offer one class dedicated to solving game theory problems.

Faculty or entity in charge	ESPO
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Programmes containing this learning unit (UE)				
Program title	Acronym	Credits	Prerequisite	Learning outcomes
Additionnal module in Mathematics	APPMATH	5		
Minor in Economics	MINECON	5		