

Table of Contents

About the Author	vii
List of Figures	xiii
List of Tables	xix
Foreword	xxiii
Preface	xxvii
Acknowledgements	xxix
CHAPTER 1	
From Competition to Market Power	1
Section 1 Opposing Market Structures: Pure and Perfect Competition Versus Monopoly	2
§1 The Pure and Perfect Competition Model	2
§2 Monopoly and Market Power	6
Section 2 Between Competition and Monopoly: Cournot's Oligopoly	11
§1 Cournot's Duopoly	12
§2 Variations on Cournot's Duopoly	17
§3 From Duopoly to Cournot's Oligopoly	20
Section 3 Market Structure and Market Power: The Structuralist Approach	27
§1 The SCP Model	27
§2 Empirical Tests of the SCP Model	30
Section 4 Beyond Market Structures	34
§1 Market Atomicity Enhancements	34
§2 Consumer Surplus Enhancements	39
§3 The Radical Criticism of the SCP Model	42
Annex: Solutions to the Bertrand's "Paradox"	48

Table of Contents

CHAPTER 2

Competition Policy: Main Evolutions and Instruments	49
Section 1 Adopting Competition Policies Throughout the World	49
§1 The American Tradition	50
§2 Europe: The Impetus of the Common Market	57
§3 Implementing a Competition Policy in Emerging and Developing Countries	62
Section 2 The Legal and Institutional Framework	66
§1 The Legal Framework: Competition Law	66
§2 The Institutional Framework: The Role of Competition Authorities	72
§3 The Effectiveness of Antitrust Sanctions: An Economic Approach	79
Section 3 From Private Actions to Criminal Sanctions	82
§1 The Rise of Compensation Claims	83
§2 Calculating Damages	84
§3 The Criminalization of Cartels	89
Annex: Antitrust Legislations (Excerpts)	93

CHAPTER 3

Fighting Against Cartels	99
Section 1 How Are Cartels Formed?	100
§1 Why Do Firms Form Cartels?	100
§2 Factors Favoring Cartel Formation	103
§3 Various Types of Collusion	105
Section 2 Cartel Stability	109
§1 Cartels: Unstable by Nature?	109
§2 Cartel Stability over Time	112
§3 Factors and Practices Favoring Cartel Stability	116
Section 3 Cartels and Antitrust Sanctions	118
§1 Why Sanction Cartels?	118
§2 Public Sanctions: The Legal Framework	120
§3 Antitrust Sanctions: An Economic Approach	124
Section 4 Cartels: Beyond Antitrust Sanctions	131
§1 The Opportunity for Criminal Sanctions	131
§2 The Role of Cartel Damage Claims	137
Section 5 Cartel Detection	143
§1 The Trade-Off Between Detection and Sanction	143
§2 The Role of Leniency Policies	147
§3 Detection and “Intellectual Evidence”	153

CHAPTER 4

Conditional Agreements: Vertical Restraints and Technological Cooperation	161
Section 1 The Anatomy of Vertical Restraints	162
Section 2 Vertical Restraints and Transaction Costs	165
§1 Vertical Restraints: Between Market and Hierarchy	166
§2 Transaction Costs, Asset Specificity and Vertical Restraints	168
Section 3 Vertical Restraints and Efficiencies	170
§1 Eliminating the Double Margin	171
§2 Pushing Distributors to Offer Presale Services	174
§3 Protecting Advertising Investments	176
§4 Protecting the Brand Value	177
Section 4 Vertical Restraints and Reducing Competition	177
§1 Vertical Restraints and Collusion	178
§2 Vertical Restraints and Price Discrimination	178
§3 Vertical Restraints and Market Foreclosure	182
Section 5 Vertical Restraints and Competition Policy	188
§1 A Conditional Acceptance	189
§2 Banning RPM Agreements	192
§3 Vertical Restraints in the Age of e-Commerce	199
Section 6 The Case of Technological Agreements	203
§1 Incentive to Innovate, and R&D Agreements	204
§2 Antitrust Policy and R&D Agreements	209
§3 The Spreading of Innovation and Licensing Agreements	212
§4 Antitrust and Licensing Agreements	217

CHAPTER 5

The Abuse of Dominant Position	221
Section 1 The Legal and Institutional Framework	222
Section 2 Identifying a Dominant Position	226
§1 Delineating the Relevant Market	226
§2 Assessing a Dominant Position	228
Section 3 Main Cases of Exclusionary and Exploitative Abuses	231
§1 Exclusionary Non-pricing Abuses	232
§2 Exclusionary Price-Based Abuses	243
§3 Exploitative Abuses	248
Section 4 The Case of Predatory Pricing	256
§1 Predatory Pricing: A “Myth”	258
§2 When Can a Predatory Pricing Strategy Be Profitable?	261
§3 Detecting and Sanctioning Predatory Pricing	267
Section 5 Beyond Exclusionary Strategies: Entry Deterrence	277
§1 What Are the Conditions Necessary to Deter Entry?	278
§2 A Credible and Cost-Effective Deterrence Model	282

Table of Contents

CHAPTER 6

Merger Control	289
Section 1 The Merger Control Procedure	291
§1 A Prior and Conditional Control	292
§2 Merger Control: Process and Outcome	296
Section 2 Delineating the Relevant Market	302
§1 What Is a Relevant Market?	303
§2 Product Market Definition: Main Indicators	305
§3 Geographic Market Definition: Main Indicators	308
§4 The Use of Quantitative Tests	311
Section 3 Measuring Market Concentration	321
Section 4 The Impact of a Merger on Competition	326
§1 The Impact of a Horizontal Merger on Competition	327
§2 The Impact of a Vertical or Conglomerate Merger	338
§3 What Are the Main Obstacles to Market Power?	344
Section 5 Mergers and Efficiencies	354
§1 The Trade-Off Between Market Power and Efficiencies	354
§2 Where Do Efficiencies Come From?	360
§3 Efficiencies and Competition Policy: A Cautious Approach	369
Conclusion: The Challenges of Competition Policy	375
Section 1 Competition Policy Facing the Digital Challenge	375
Section 2 Competition Policy in a Globalized World	384
Section 3 Competition Policy and Industrial Policy	386
Bibliography	391
Useful Websites and Resources on Competition Policy	405
Index	407