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052178333X - Market Structure and Competition Policy: Game-Theoretic Approaches
Edited by George Norman and Jacques-Francois Thisse
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Market Structure and Competition Policy

Market Structure and Competition Policy applies modern advances in game-theory to the analysis of competition policy and develops some of the theoretical and policy concerns associated with the pioneering work of Louis Phlips. Containing contributions by leading scholars from Europe and North America, this book observes a common theme in the relationship between the regulatory regime and market structure. Since the inception of the new industrial organisation, economists have developed a better understanding of how real-world markets operate. These results have particular relevance to the design and application of anti-trust policy. Analyses indicate that picking the most competitive framework in the short run may be detrimental to competition and welfare in the long run, concentrating the attention of policy makers on the impact on the long-run market structure. This book provides essential reading for graduate students of industrial and managerial economics as well as researchers and policy makers.

GEORGE NORMAN is the holder of the Cummings Family Chair in Entrepreneurship and Business Economics at Tufts University and is the Director of the Graduate Program in Economics. His publications include *Economies of Scale, Transport Costs, and Location, The Economics of Imperfect Competition: A Spatial Approach,* and *Industrial Organization*: *Contemporary Theory and Practice* (with D. Richards and L. Pepall).

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Professor Louis Phlips

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PUBLISHED BY THE PRESS SYNDICATE OF THE UNIVERSITY OF CAMBRIDGE
The Pitt Building, Trumpington Street, Cambridge CB2 1RP, United Kingdom

CAMBRIDGE UNIVERSITY PRESS
The Edinburgh Building, Cambridge CB2 2RU, UK http://www.cup.cam.ac.uk
40 West 20th Street, New York, NY 10011-4211, USA http://www.cup.org
10 Stamford Road, Oakleigh, Melbourne 3166, Australia
Ruiz do Alarcón 13, 28014 Madrid, Spain

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© First published 2000

Printed in the United Kingdom at the University Press, Cambridge

Typeface Times 10/12 pt. *System* 3b2 [ADVENT]

A catalogue record for this book is available from the British Library

Library of Congress Cataloguing-in-Publication Data

Market structure and competition policy: game theoretic approaches/edited by
George Norman and Jacques-François Thisse.
p. cm.
A collection of 12 papers by European and North American scholars which develops
some of the theroretical and policy concerns associated with the pioneering work of
Louis Phlips.
ISBN 0-521-78333-X
1. Competition–Government policy–Mathematical models. 2. Industrial
policy–Mathematical models. 3. Game theory. 4. Phlips, Louis. I. Norman, George,
1946– II. Thisse, Jacques-François. III. Phlips, Louis.
HB238.M37 2000
338.6′048–dc21 00-028960

ISBN 0521 78333 X Hardback

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Louis Phlips: a brief biography

Louis Phlips was born in 1933 in Brussels. He received a doctorate in economics at the Université Catholique de Louvain and a doctorate in law at the Katholieke Universiteit Leuven. After teaching for four years at Fribourg University (Switzerland), he returned to his *alma mater* from 1966 until 1989. He then joined the European University Institute in Florence (Italy) until 1997, when he retired from Academia. He now spends his time playing the piano and drawing.

During his 23 years at the Université Catholique de Louvain, Louis was first director of the Economic Analysis Unit (ANEC) and then a member of CORE (Center for Operations Research and Econometrics). Before Switzerland, he visited Nuffield College to work with P.S.W. Andrews on industrial pricing. Between Switzerland and Louvain, he visited the University of Chicago (Fall and Winter 1965) and Harvard University (Spring and Summer 1966) to work with Henk Houthakker on his econometric utility tree. He wanted to find out which empirical commodity groupings correspond to the theoretical concept (if any) of an 'industry'.

Already in those early days, Louis' research interests had clearly taken shape: use price theory to better understand observed business practices. It all goes back to his 1961 doctoral thesis *De l'intégration des marchés* that asked (and answered) the question: what will happen to the cartels (that were in operation in most European industries) once the Common Market authorities start reinforcing an anti-trust policy? Since there were no statistical industry data available for Europe, Louis volunteered to compute concentration ratios from the new industrial census. They form the bulk of his North-Holland monograph *Effects of Industrial Concentration: A Cross-Section Analysis for the Common Market* (1971).

His Ph D thesis had a yellow cover. It was followed by the green North-Holland cover. Having chosen blue for his elementary time series analysis (*Analyse chronologique*), the next cover couldn't but be red. Louis used to

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say: 'Mao has his red book, why shouldn't I have one too?' *Applied Consumption Analysis* (1974, enlarged 1983) was the result. Its exercises made a full generation of doctoral students suffer and grumble, but at the end of the day they had learned how to bridge the gap between demand theory and econometrics.

After 10 years of applied econometric work, Louis felt relieved to return to his old love, industrial economics. His 1983 Cambridge University Press book of *The Economics of Price Discrimination* was his answer to a remark (made by a so-called 'pure' theorist) that price discrimination is a market failure. Louis made the point that if price discrimination is a failure, then everything business men do is a failure too: price discrimination is indeed present everywhere, in pricing over the space and time domain as well as over the quality and income domain.

Being surrounded by world-famous theorists, Louis had to try his hand at applying some (elementary) game-theory to his favourite topics. Hence his *Economics of Imperfect Information* (1988) which got a policy flavour in *Competition Policy: A Game-Theoretic Perspective* (1995), both from Cambridge University Press.

The final bouquet was – at the request of Cambridge University Press – a selection of published articles which he found worth turning into required reading on *Applied Industrial Economics* (1998).

Louis was a visiting professor at the Universities of Montréal, Pennsylvania, Cornell, Leuven and Bielefeld. One of the founders of the European Economic Association, he was its Secretary until 1989 and its President for 1995. He is a member of the Academia Europaea and a fellow of the Econometric Society.

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