



METADATA

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Abstract

The book examines the basic models of Industrial Organization. Industrial Organization is the branch of Microeconomics that studies the behavior of firms in imperfectly competitive markets. Imperfectly competitive markets cover the area between the two extreme models of Microeconomics: those of the perfect competition and the monopoly. In perfect competitive markets there many firms, each with a negligible market share. As a result, firms accept the price of the product as a given. In a monopoly market, there is a single firm that sets the price to

maximize its profits. In imperfectly competitive markets there is strategic interdependence between the firms that participate in them. That is, the choices made by one firm affect the choices of all other firms in the same market. In the following pages we mainly deal with duopoly markets. We examine markets in which two firms produce identical products and either choose quantities or prices. Their decisions may be either simultaneous or sequential. We also examine models in which the products are differentiated either horizontally or vertically.

