

Errata to *Industrial Organization: Theory and Issues in Competition Policy*

Chapter 1:

- Page 6, Figure 1.1a-b

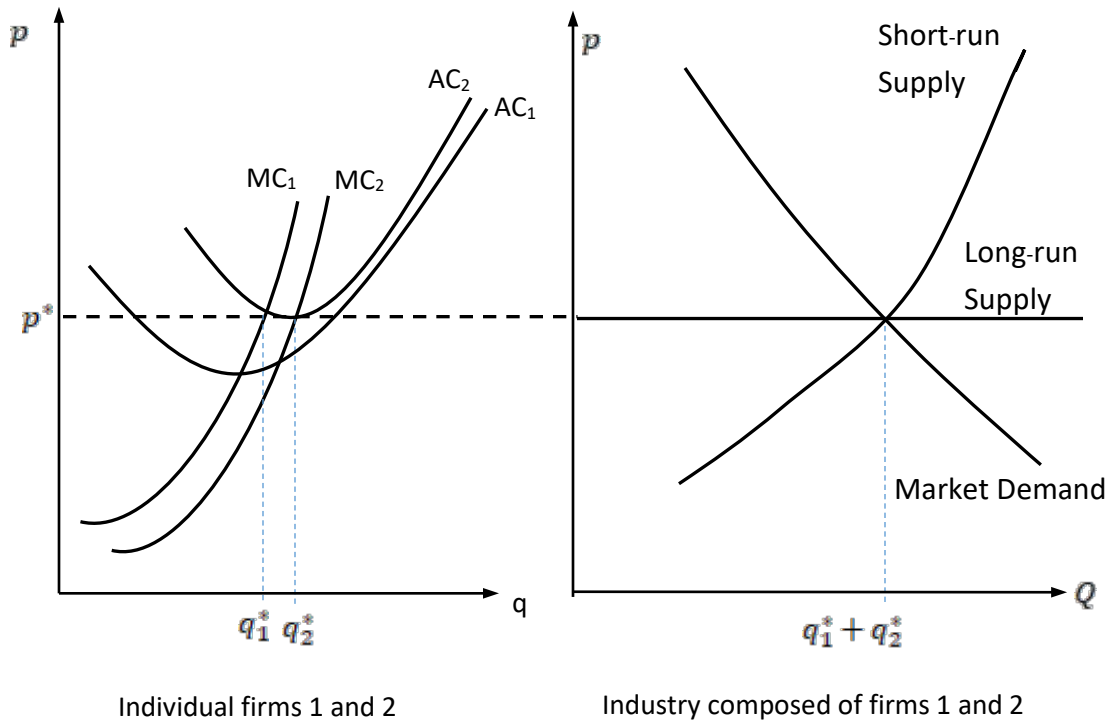


Figure 1.1a

Figure 1.1b

Chapter 2:

- Page 15, Paragraph 2. From

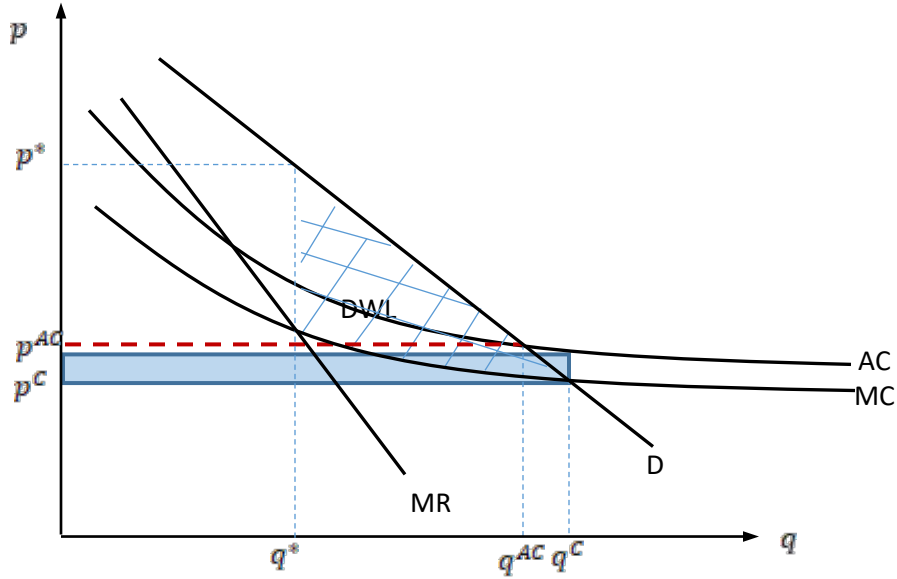
Since normally elasticity of demand can change along the demand curve, it is difficult to determine the level of price mark-up compared to the increase in marginal cost, perhaps due to tax. However, in a special case of constant elasticity of demand, it is clear that a monopolist will mark up more than the increase in marginal cost or the tax itself.

Corrected to

Since the monopolist always produces on the elastic part of the demand curve, the ratio $\frac{\epsilon}{\epsilon-1}$ representing the price mark-up ratio is greater than 1. An

increase in marginal cost of production, perhaps from a tax increase, would thus result in a greater increase in the monopoly price due to this mark-up.

□ Page 17, Figure 2.2



□ Page 18, paragraph 1, line 1

·a Ramsey price, p^R , is corrected to ·an average cost pricing, p^{AC} .

□ Page 22, Figure 2.4a-b

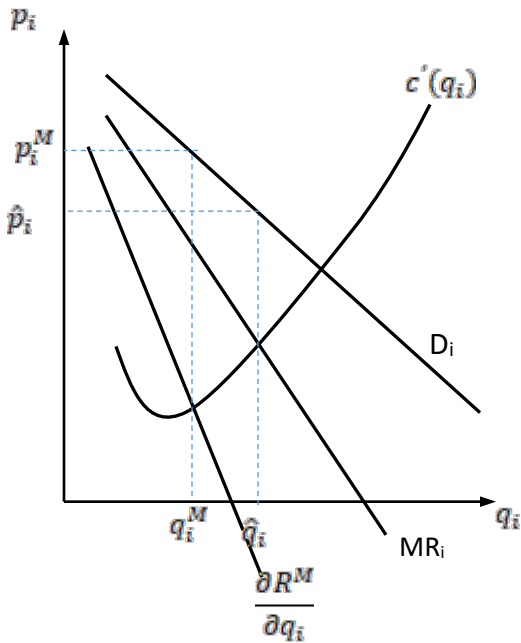


Figure 2.4a

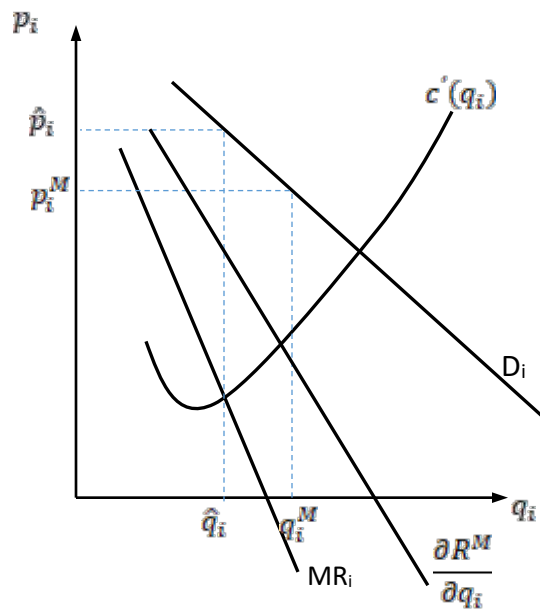


Figure 2.4b