## TABLE OF CONTENTS

Foreword	VII
Introduction	1
Chapter 1: Nash Equilibrium	8
1.1 Some Fundamental Concepts in Non-Cooperative Game Theory	8
1.2 Aggregative Games I: The Main Assumptions	11
1.3 Aggregative Games II: Existence, Uniqueness and Inefficiency	
of Nash Equilibria	14
1.4 Aggregative Games III: Stability of Nash Equilibrium	16
1.5 Price-Setting Games	19
1.6 Additional References	23
Appendix: Further Results on the Stability of Nash Equilibrium	23
Exercises	28
References	33
Chapter 2: Comparative Statics in Oligopolistic Markets	41
2.1 Introduction	41
2.2 Aggregative Games I: Effects of an Increase in the Number	
of Players	42
2.3 Aggregative Games II: Effects of a Shift in Payoff Functions	43
2.4 Inflation Transmission in the Cournot Model	46
2.5 Comparative Statics in Price-Setting Games	49
2.6 Additional References	52
Exercises	53
References	57

Chapter 3: Welfare and Cournot Competition	61
3.1 Introduction	61
3.2 Welfare and Cournot Equilibrium	62
3.3 Welfare and Entry in the Cournot Model	64
3.4 Welfare and Free Entry Equilibrium 3.5 Profitability and Free Entry	66 71
Appendix: Trade Policy in Oligopolistic Markets	76
Exercises	85
References	92
Chapter 4: Monopolistic Competition	98
4.1 Introduction	98
4.2 The Representative Consumer Model	100
4.3 The Representative Consumer Model: General Results 4.4 A Model of a Large Group	102
	105
4.5 A Model with Many Consumers and Price-Setting Firms	107
4.6 The Limit Points of Monopolistic Competition	109
4.7 Additional References	111
Appendix: The Existence of Optimal and Equilibrium Allocations	111
Exercises	114
References	119
Chapter 5: Two Stage Games	124
5.1 Introduction	124
5.2 A General Model of Two Stage Games	125
5.3 Stackelberg Equilibrium and Entry Prevention	128

## XIII

5.4 Pricing of Public Firms in Oligopolistic Markets	133
5.5 Divisionalization	135
5.6 Revelation Games	137
5.7 Choice of Technique	143
5.8 Additional References	146
Exercises	146
References	155