## TABLE OF CONTENTS

INTRODUCTION	1
CHAPTER 1: NASH EQUILIBRIUM	7
1. 1 Basic Concepts in Game Theory	7
1. 2 Aggregative Games I: The Main Assumptions.	9
1. 3 Aggregative Games II: Existence, Uniqueness and Inefficiency	
of Nash Equilibria	13
1. 4 Aggregative Games III: Stability of Nash Equilibrium	15
1. 5 Price-Setting Games	19
1. 6 Additional References	23
1. 7 Appendix: Further Results on the Stability of Nash Equilibrium	23
1. 8 Exercises	27
CHAPTED A. COMPADATIVE STATIOS	25
CHAPTER 2: COMPARATIVE STATICS	35
2. 1 Introduction	35
2. 2 Aggregative Games I: Effects of an increase in the Number of Player	
2. 3 Aggregative Games II: Effects of a Shift in Payoff Functions	40
2. 4 Inflation Transmission in Oligopoly and Perfect Competition	42
2. 5 Comparative Statics in Price-Setting Games	45
2. 6 Additional References	49
2. 7 Appendix: The Assumption of Differentiable Payoff Functions	49
2. 8 Exercises	51
CHAPTER 3: WELFARE AND COURNOT COMPETITION	59
3. 1 Introduction	59
3. 2 Welfare and Cournot Equilibrium	61
3. 3 Welfare and Entry	62
3. 4 Welfare and Free Entry Equilibrium	64
3. 5 Profitability and Free Entry	70
3. 6 Oligopolistic Competition and Constrained Efficiency	72
3. 7 Additional References	75
3. 8 Appendix: International Trade Policy in Oligopolistic markets	75
3. 9 Exercises	83

<b>CHAPTER 4: MONOPOLISTIC COMPETITION</b>	91
4. 1 Introduction	91
4. 2 The representative consumer model	92
4. 3 The representative consumer model: General results	95
4. 4 A model of a large group	98
4. 5 A model with many consumers and price-setting firms	100
4. 6 The limit points of monopolistic competition	102
4. 7 Additional references	105
4. 8 Appendix: The existence of optimal and equilibrium allocations.	105
4. 9 Exercises	108
CHAPTER 5: TWO STAGE GAMES	113
5. 1 Introduction	113
5. 2 A general model of two stage games	114
5. 3 Stackelberg equilibrium and entry prevention	116
5. 4 Pricing of public firms in oligopolistic markets.	121
5. 5 Divisionalization	123
5. 6 Revelation games	125
5. 7 Choice of technique	129
5. 8 Additional references	132
5. 9 Exercises	132
CHAPTER 6: GAMES OF INCOMPLETE INFORMATION	141
6. 1 Introduction.	141
6. 2 The main concepts	141
6. 3 Bayesian equilibrium and Nash equilibrium	144
6. 4 Oligopoly under incomplete information	145
6. 5 Resource allocation mechanisms	148
6. 6 Allocation of an indivisible good	151
6. 7 Additional references	154
6. 8 Exercises	154
REFERENCES	157