

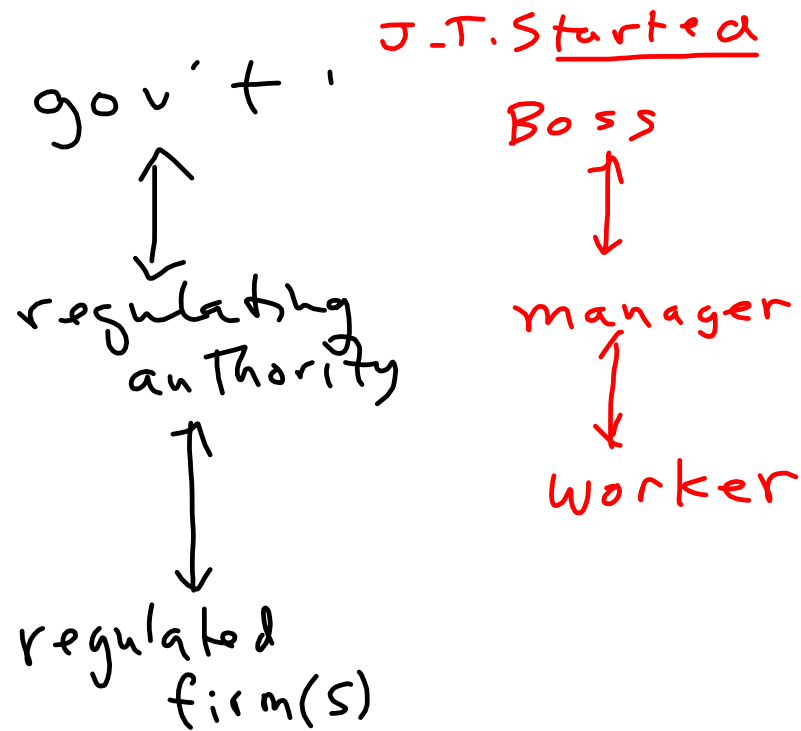
Jean Tirole 2014

Joseph Stiglitz 2001

asymmetric
information

Tirole :

- markets where a few large firms dominate (oligopoly)
- regulated markets - both natural monopolies & other regulated



Perfect Competition -

- many producers
- many consumers
- undifferentiated product
- free entry & exit
- perfect information

Monopoly — why?

- control of resource
(de Beers - diamonds)
- economies of scale
over the realistic
range of outputs
(electricity)
- tech. superiority
(consumer electronics)
- government-created
barriers
(patent/copyright)

Monopolistic competition:

- many firms
- free entry/exit
- differentiated products
(tooth paste)
- advertising.