



## Investment Incentives and Market Power: An Experimental Analysis (Paperback)

---

By Dean V Williamson

Bibliogov, United States, 2013. Paperback. Book Condition: New. 246 x 189 mm. Language: English . Brand New Book \*\*\*\*\* Print on Demand \*\*\*\*\*.We examine investment incentives and market power in an experimental market. We characterize market power as the strategic interdependence of subjects investment decisions and output decisions. The market is designed so that investment and output decisions can be jointly characterized as strategies within a game. A Nash-Cournot equilibrium of the game provides a way of characterizing how investment incentives and market power interact. Subjects could invest in two different production technologies and could produce output to serve as many as two different demand conditions. The technologies were analogous to baseload capacity and peaking capacity in wholesale electricity markets. The Nash-Cournot benchmark constituted a good indicator of subjects output decisions in that output cycled around the Cournot benchmark. Thus, on average, consumers extracted the surplus available to them in the equilibrium. While we do not observe Edgeworth Cycles in prices or outputs, we do see them in the producer surplus series. Producers dissipated some of the surplus they could have extracted in the equilibrium by overinvesting in peaking capacity and underinvesting in baseload capacity. Inefficient investment diminished total system...



**READ ONLINE**  
[ 5.93 MB ]

### Reviews

*It in a single of my personal favorite ebook. Better then never, though i am quite late in start reading this one. I am effortlessly will get a satisfaction of reading a published ebook.*

-- **Ms. Lavada Krajcik**

*Comprehensive guideline for book lovers. It can be filled with knowledge and wisdom I realized this publication from my dad and i suggested this pdf to find out.*

-- **Ted Schumm**