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IB > Vol.4 No.1, March 2012

OPEN ACCESS

Games in the Bi-Oligopoly Market of High-Technology Equipments

PDF (Size:267KB) PP. 29-33 DOI : 10.4236/ib.2012.41004

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ABSTRACT

In this paper we consider the high-tech equipment import market in a developing country. We discuss the behaviors of the foreign supplier, the domestic user, the new domestic supplier, and the role that the government can play in such a bi-oligopoly market. We apply both non-cooperative and cooperative game theory to analyze the market, and conduct comparative static and dynamic analysis on the equilibrium outcomes. We point out that government's intervention may accelerate the market structure evolution and may improve the welfare outcome.

KEYWORDS

Bi-Oligopoly Markets; Nash Equilibrium; Asymmetric Information; Core; Nash Bargaining Solution

Cite this paper

H. Wang, S. Yao and S. Li, "Games in the Bi-Oligopoly Market of High-Technology Equipments," *iBusiness*, Vol. 4 No. 1, 2012, pp. 29-33. doi: 10.4236/ib.2012.41004.

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