



Industrial Organization and Public Policy

SECOND EDITION

Douglas F. Greer

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San Jose State University



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Preface to the Second Edition

The 1982 volume of the *Review of Economics and Statistics* alone probably justifies the revision this book represents. But there is much more. The old data have been updated where appropriate. The old examples have in many cases been retired in favor of new and better examples. Statements of prevailing public policy have been changed to incorporate such modifications as the new Department of Justice Merger Guidelines and the dismissal of the famous IBM case.

Besides freshening in these standard ways, I have tried to improve the book in response to helpful commentators and my disturbed conscience. Among other things: (1) The theoretical model of monopoly is introduced much earlier in the present edition (Chapter 2), facilitating comparison and contrast to the model of perfect competition on such particulars as excess profits and welfare loss. (2) The theory of dynamic competition is set forth and contrasted with the theory of static, perfect competition. The idea of anticompetitive strategic behavior is also explored in this connection to point out the possibility that “dynamics” need not always imply procompetitive outcomes. (3) Performance measures of market power are developed earlier now, in conjunction with structural and conduct measures. (4) The importance of “first mover” advantages is now noted. (5) The concept of “strategic groups” within industries has edged its way into the discussion at several points. (6) Cournot’s model of oligopolistic interdependence has been added along with a separate segment on multinational firms. (7) Refinements on the impact of advertising on prices and profits have been incorporated, refinements giving greater recognition to differences in manufacturer versus retailer advertising. (8) Several passages that have proven particularly difficult for students have been rewritten or deleted. (9) The book has been shortened by overall tightening and by stripping

PREFACE TO THE SECOND EDITION

it of two relatively little-used chapters, namely those on health, safety, and environmental problems.

Left untouched are features that seem to be popular among readers. In particular, it retains its flexible, two-chapter—abstract and concrete—treatment of topics.

The circle of contributors to this second edition is as wide as that for the first. For this I am grateful. Comments from Samuel Loescher, Arthur Woolf, Jon Mosle, and Robert E. Smith, plus many students, have improved the book substantially. In addition I would like to thank W. J. Lane, Texas A & M University; James W. McKie, the University of Texas at Austin; and Jon P. Nelson, Pennsylvania State University, for their review of the first edition and suggestions for the revision. Flaws remain only because I have been too bull-headed to follow every suggestion to the letter. Finally, at the center of this circle of contributors is my wife, Wendy, with typing and editing talents that sparkle.

D. F. G.

Contents

PART ONE: INTRODUCTION 1

1. Introduction and Overview	2
I. Setting the Scene	3
A. <i>The Functional Aspect</i>	4
B. <i>The Value Aspect</i>	5
II. A System for Analysis	9
III. An Overview of Policies	14
IV. Values, Attributes, and Policies	
Together	16
Summary	19
2. Perfect Competition Versus Monopoly, Dynamic Competition Versus Monopoly, and Workable Competition	21
I. Perfect Competition versus Pure Monopoly	21
A. <i>The Perfectly Competitive Model</i>	21
B. <i>The Pure Monopoly Model</i>	31
II. Dynamic Competition Versus Monopoly	35
A. <i>Dynamic Competition</i>	35
B. <i>Monopoly in a Dynamic Context</i>	38
III. Workable Competition	39
Summary	41

PART TWO: STRUCTURE 43

3. Introduction to Structure	44
I. What is Market Power?	44
II. How Can Market Power be Measured?	46

III. What are the Sources and Causes of Market Power?	46
IV. Performance Measures of Market Power	48
Summary	50
4. Product Differentiation: Theory and Cross-Section Evidence	51
I. Effects	52
A. <i>Changes in Buyer Demand</i>	52
B. <i>The Importance of Knowledge</i>	54
C. <i>Some Problems and Qualifications</i>	57
II. Advertising as a Cause	60
A. <i>Advertising and the Four-Part Classification</i>	60
B. <i>Informative Versus Persuasive Advertising</i>	61
C. <i>Advertising and Persuasion</i>	65
D. <i>Advertising Data by Company</i>	69
III. Other Causes of Differentiation	70
A. <i>Style and Image</i>	70
B. <i>Packaging and Brand Name</i>	70
C. <i>Location and Retailing</i>	71
Summary	73
5. Product Differentiation: Practice and Policy	75
I. Case Studies	76
A. <i>Beer</i>	76
B. <i>Computer Systems</i>	78
C. <i>A Bit of Theory</i>	79
II. Standardization and Disclosure	84
A. <i>Standardization for Easy Price Comparisons</i>	85
B. <i>Quality Disclosures</i>	89
Summary	95
6. Concentration and Number of Firms: Theory and Cross-Section Evidence	96
I. Statistical Measures	97
A. <i>The Number of Firms</i>	97
B. <i>The Lorenz Curve and Gini Coefficient</i>	98
C. <i>The Concentration Ratio</i>	99
D. <i>The H Index</i>	101

II. The Importance of Proper Market Definition	102
III. Market Concentration Patterns and Trends	105
<i>A. Manufacturing</i>	105
<i>B. Atomistic Industries</i>	109
<i>C. Retail Trade</i>	110
<i>D. Mining</i>	111
<i>E. Finance</i>	112
<i>F. Transportation and Public Utilities</i>	112
<i>G. Conclusion</i>	113
IV. The Causes of Concentration	113
<i>A. Chance or Luck</i>	114
<i>B. Technical Causes</i>	118
<i>C. Government Policies</i>	120
<i>D. Business Policies</i>	121
V. Aggregate Concentration	122
<i>A. Introduction</i>	122
<i>B. Trends and Levels</i>	123
Summary	125
Appendix	126
7. Concentration and Oligopoly: Merger Practice and Policy	127
I. Background	127
<i>A. Merger Types</i>	127
<i>B. Some History</i>	128
II. Reasons for Merger	131
<i>A. Timing of Mergers</i>	131
<i>B. Underlying Causes of Mergers</i>	131
III. Merger Policy	137
IV. Horizontal Mergers	139
V. Vertical Mergers	144
VI. Conglomerate Mergers	146
VII. Remedies and Notification	149
VIII. Proposed Changes in the Law	150
Summary	152
8. Barriers to Entry: Theory and Cross-Section Evidence	154
I. An Overview of Barriers to Entry	155
<i>A. Absolute Cost Advantage Barriers</i>	155
<i>B. Barriers Owing to Economics of Scale</i>	156

C. Capital Cost Barriers	158
D. Barriers Caused by Product Differentiation	159
E. Other Barriers to Entry and a Qualification	159
II. Evidence On The Relative Importance of Barriers in Manufacturing	160
III. Absolute Cost Differences	161
IV. Economics of Scale	
A. Sources of Economics of Scale: Plant	162
B. Estimates of Economics	164
C. Geographic Market Definition	166
D. Multiplant Economics	167
E. Summary	169
V. Capital Costs	169
A. Transaction Costs	170
B. Risk	170
C. Loan Market Imperfections	170
VI. Product Differentiation (Again)	171
A. Advertising	171
B. Other Product Differentiation Barriers	177
Summary	178
9. Barriers to Entry, Concentration and Monopoly: Practice and Policy	180
I. The Sherman Act: Section 2	180
A. The Rule of Reason	180
B. Market Definition: Power Question 1	181
C. Market Share: Power Question 2	183
D. Intent	183
II. The Early Days: 1890–1940	185
A. An Overview	185
B. Standard Oil of New Jersey (1911)	186
C. American Tobacco (1911)	187
D. United States Steel (1920)	187
III. The ALCOA Era: 1945–1970	188
A. An Overview	188
B. Alcoa (1945)	189
C. United Shoe Machinery (1953)	191

IV. 1970–Present: Refinement and Retreat	192
A. <i>Shades of a Tougher Stance: Xerox and AT&T</i>	194
B. <i>Continuation of the Structural Gap</i>	195
C. <i>Narrowing the Conduct Gap with Leniency</i>	196
Summary	202

**PART THREE:
CONDUCT**
205

10. Introduction to Conduct: Profit Maximization(?)	206
I. Profit Maximizing—Traditional Theory	207
A. <i>Single-Minded Purpose</i>	207
B. <i>Rationality</i>	207
C. <i>Operational Rules</i>	207
D. <i>Criticism of Traditional Theory</i>	208
II. Realism in Process	209
III. Managerialism (Or Realism in Motivation)	211
A. <i>Control by Managers</i>	211
B. <i>Theories of Managerial Motives</i>	213
C. <i>Empirical Findings on Manager's Motives</i>	219
IV. Behavioralism and “Satisficing”	224
A. <i>The Behavioralist View</i>	224
B. <i>Problems and Evidence</i>	226
Summary	228
Appendix	229
11. Price and Production Behavior in the Short Run: Theory and Cross-Section Evidence	231
1. Interdependence	232
A. <i>The Cournot Model</i>	232
B. <i>Modern Theory: Two Demands</i>	233
C. <i>Monopolistic Competition</i>	236
D. <i>The Kinky Demand Curve of Oligopoly</i>	238
E. <i>Criticisms and Modifications to the Kinky Model</i>	240
II. Cyclical Complications and Uncertainties	244

A. <i>A Bit of Theory</i>	244
B. <i>The Evidence</i>	247
III. Pricing Mechanisms and Rules Of Thumb	250
A. <i>Cost-plus and Target-profit Pricing</i>	250
B. <i>Price of Leadership</i>	252
C. <i>Cartelization</i>	256
D. <i>Government Intervention</i>	257
IV. Cross-Section Statistical Evidence	258
Summary	261
12. Price and Production Behavior: Cartel Practice and Policy	263
I. United States Government Policy	264
A. <i>Per Se Violation</i>	264
B. <i>Remedies</i>	265
C. <i>"Reserved Cities," "Dancing Partners," and "Poker"</i>	266
D. <i>Trade Associations</i>	268
E. <i>Conscious Parallelism</i>	269
F. <i>Basing-point Pricing</i>	270
G. <i>Summary</i>	273
II. Determinants Of Cartels and Their Potency	273
A. <i>Feasibility and Necessity</i>	274
B. <i>Effect of Number of Firms</i>	274
C. <i>Other Structural Factors</i>	276
D. <i>Summary</i>	280
III. The Electrical Equipment Cases	280
IV. The Oil Industry and OPEC	283
A. <i>Introduction</i>	283
B. <i>United States Domestic Crude Oil</i>	284
D. <i>The International Crude Oil Market</i>	287
Summary	293
13. Price and Production Strategy in the Long Run: Theory and Cross-Section Evidence	294
I. Structural Conditions and Some Evidence	295
II. Entry Limit Pricing	301
A. <i>The Theory</i>	301
B. <i>Critique of the Theory</i>	305

III. Open Pricing	307
A. <i>Theory</i>	307
B. <i>Empirical Evidence on "Open" and "Limit" Pricing</i>	309
IV. Price Discrimination	311
A. <i>Essential Conditions</i>	311
B. <i>Analysis of Price Discrimination</i>	312
C. <i>Social Effects</i>	316
V. Predatory Pricing	316
A. <i>Definition</i>	316
B. <i>Driving Competitors Out</i>	317
C. <i>Disciplining Uncooperative Competitors</i>	318
D. <i>Predatory Pricing to Deter Entry</i>	319
VI. Tying and Exclusive Dealing	320
Summary	321
 14. Price and Production Strategy in the Long Run: Public Policy	 322
I. Price Discrimination	322
A. <i>Subsection 2(a) of Robinson-Patman</i>	323
B. <i>Subsection 2(c), (d), and (e)</i>	332
C. <i>Subsection 2(f), Buyer Inducement</i>	334
D. <i>Declining Robinson-Patman Enforcement</i>	334
II. Tying	336
A. <i>Economies or Conveniences</i>	336
B. <i>Goodwill</i>	336
C. <i>Price Discrimination</i>	337
D. <i>Anticompetitive "Leverage"</i>	337
E. <i>The Law</i>	337
III. Exclusive Dealing	339
Summary	341
 15. Product Differentiation Conduct: Theory and Evidence	 343
I. Profit Maximization and Overview	344
A. <i>Simple Theory</i>	344
B. <i>Problems and Complexities</i>	346
II. Concentration As A Cause Of Advertising	348
A. <i>Positive Range (Concentration as a Cause)</i>	348

<i>B. Negative Range (Concentration as a Cause)</i>	351
III. Advertising as a Cause of Concentration	352
<i>A. Positive Range (Advertising as a Cause)</i>	352
<i>B. Negative Range (Advertising as a Cause)</i>	355
IV. Advertising as Entry Barrier	356
V. Advertising, Prices, and Profits	357
<i>A. Manufacturers' Advertising, Prices, and Profits</i>	357
<i>B. Retailers' Advertising, Prices, and Profits</i>	362
<i>C. Manufacturers and Retailers Together</i>	363
VI. Is Advertising Excessive?	364
Summary	365
16. Product Differentiation Policy: Unfair and Deceptive Practices	367
I. What Is "Deceptive"?	368
<i>A. Truth, Falsity, Deception</i>	368
<i>B. Intent and Capacity</i>	369
II. Examples of Deception	371
<i>A. Claims of Composition</i>	371
<i>B. Claims of Function or Efficacy</i>	371
<i>C. Endorsements</i>	372
<i>D. Mock-ups</i>	373
III. Federal Trade Commission Procedures	375
<i>A. Complaint Plus Prosecution</i>	375
<i>B. Guides</i>	375
<i>C. Trade Regulation Rules</i>	375
IV. Remedies	376
<i>A. Cease and Desist Orders</i>	376
<i>B. Affirmative Disclosure</i>	377
<i>C. Corrective Advertising</i>	377
V. Miscellaneous Unfair Practices	378
Summary	380
17. Multimarket Strategies	382
I. Vertical Integration	383
<i>A. Advantages to the Firm</i>	383
<i>B. Vertical Integration and Collusion</i>	384
<i>C. Vertical Cross-Subsidization</i>	385

II. Conglomerates	386
<i>A. The Benefits of Conglomeration</i>	386
<i>B. Conglomerates and Forbearance</i>	387
<i>C. Reciprocity in Conglomerates</i>	389
<i>D. Conglomerate Cross-Subsidization</i>	392
III. Multinational Corporations	394
<i>A. Why Do Firms Become Multinationals?</i>	394
<i>B. Adverse Multimarket Conduct</i>	395
Summary	397

PART FOUR: PERFORMANCE

18. Introduction to Performance	400
19. Profits, Wages, Technological Efficiency, and Jobs: Theory and Cross-Section Evidence	403
I. Profits And Market Power	404
<i>A. Theory</i>	404
<i>B. Does Market Power Increase Profit?</i>	405
<i>C. What Is the Welfare Loss Due to Monopolistic Misallocation?</i>	416
<i>D. What is Market Power's Contribution to the Above Average Wealth of the Wealthy?</i>	417
II. Market Power and Labor Earnings	418
<i>A. General Introduction</i>	418
<i>B. Unions, Concentration, And Wages</i>	421
III. X-Inefficiency Losses Due To Market Power	425
<i>A. Introduction and Theory</i>	425
<i>B. Evidence</i>	426
IV. Job Discrimination	428
<i>A. Introduction and Theory</i>	428
<i>B. The Evidence on Racial Discrimination</i>	429
<i>C. The Evidence on Sex Discrimination</i>	430
Summary	431

20. Profits and Policy: Public Utility	
Regulation	433
I. What Industries Are Regulated?	433
II. Why Regulate?	434
A. <i>Natural Monopoly</i>	434
B. <i>Resource Conservation</i>	436
C. <i>Destructive Competition</i>	436
D. <i>Unfairness</i>	437
III. Who Regulates?	438
IV. How: Rate Level Regulation	440
A. <i>Objectives</i>	440
B. <i>Operating Expenses</i>	442
C. <i>Current Depreciation</i>	443
D. <i>Capital Value or Rate Base</i>	444
E. <i>Per Cent Return</i>	445
V. How: Rate Structure Regulation	446
A. <i>Costs and Peak-Load Pricing</i>	446
B. <i>Value-of-Service Pricing</i>	448
VI. Problems And Distortions	449
Summary	453
21. Inflation and Macroeconomic Stability:	
Theory and Evidence	454
I. Delineation of the Problem	454
A. <i>Price and Wage Levels</i>	
B. <i>Cyclical Stability and Inflation</i>	456
C. <i>The Phillips Curve</i>	457
II. The Principal Causes of Inflation	460
A. <i>Cause A: A Growth in the</i> <i>Money Supply that Exceeds</i> <i>Growth in Real Income</i>	461
B. <i>Cause B: The Exercise of Labor</i> <i>and Product Market Power</i>	464
C. <i>Cause C: Exogenous Shocks</i>	470
D. <i>Other Possible Causes and</i> <i>a Qualification</i>	471
III. The Evidence Concerning Causes	472
A. <i>Cause A Inflation: What to</i> <i>Look for? What's Been Found?</i>	473
B. <i>Cause B Inflation: What to</i> <i>Look for? What's Been Found?</i>	476
C. <i>Cause C Inflation: What to</i> <i>Look for? What's Been Found?</i>	481
Summary	482

22. Inflation and Macro-Stability: Wage and Price Controls	484
I. The Problem	484
A. <i>The Causes of Inflation</i>	484
B. <i>The Ultimate Role of the Money Supply</i>	485
C. <i>The Problem: Where Controls May Help</i>	486
D. <i>The Problem: Concrete Examples</i>	486
II. Wage-Price Controls	487
A. <i>Background</i>	487
B. <i>The Guidepost Program (1962–1966)</i>	489
C. <i>The Wage-Price Freeze of 1971, or Phase I</i>	492
D. <i>Phase II (November 1971 to January 1973)</i>	493
E. <i>Phases III and IV, Plus Another Freeze</i>	498
F. <i>European Experience</i>	500
III. Proposed Improvements	500
Summary	502
 23. Technological Change: Theory and Cross-Section Evidence	 504
I. Concepts and Conditions	505
A. <i>Definitions</i>	505
B. <i>Measurement</i>	506
II. Firm Size and Progressiveness	509
A. <i>Theory</i>	509
B. <i>Firm Size and Invention: The Evidence</i>	511
C. <i>Firm Size and Innovation: The Evidence</i>	516
D. <i>Firm Size and Diffusion</i>	520
E. <i>Firm Diversification and Progress</i>	523
F. <i>Firm Size: An Overview</i>	523
III. Market Structure and Progress	524
A. <i>Theory</i>	524
B. <i>Market Structure and R & D Effort: The Evidence</i>	526
D. <i>Market Structure and Innovative Output: The Evidence</i>	528

D. <i>Market Structure and Diffusion: The Evidence</i>	530
E. <i>Market Structure: An Overview Summary</i>	531
24. Technological Change: Public Policy	533
I. The Patent System: Nature and Scope	534
A. <i>Background</i>	534
B. <i>Patentability</i>	535
C. <i>Obtaining a Patent</i>	536
II. Two Case Studies	537
A. <i>United States Gypsum and Wallboard</i>	537
B. <i>Chester Carlson and Xerox</i>	538
III. Why Patents?	540
A. <i>Natural Law</i>	540
B. <i>Exchange-for-Secrets</i>	540
C. <i>Incentive</i>	541
IV. Benefits and Costs of Patents	542
A. <i>Tallies of Patent Dependency</i>	542
B. <i>The Economic Significance of Patent-Dependent Inventions</i>	544
C. <i>The Social Cost of Nondependent Inventions</i>	545
V. Proposals for Reform	546
A. <i>Proposals to Weaken the System</i>	546
B. <i>Proposals to Strengthen the System</i>	547
VI. Federal Funding of R & D	547
A. <i>Trends</i>	547
B. <i>The Reasons for Federal Funding</i>	550
VII. Miscellaneous Policies	551
Summary	552
Appendix	553
Index	555