## Index

accountability 246, 247  
avtive consumers 49, 58  
avtivism, antitrust laws 40  
Adam, L. 28, 135, 288  
adaptability 97, 119, 120  
adaptation 118, 174  
administrative costs 281  
adverse selection 219, 220, 221, 222  
agents 30, 41, 300  
aggregate efficiency 24  
agricultural sector 85, 91, 92, 114, 213, 247  
Aigner, D. 116  
Aklof, G. 197  
Akino, M. 274  
Aldaudin, M. 116  
Alchian, A.A. 255, 288  
Allee effect 154  
Allee, W.C. 153  
allocative efficiency 20, 27, 31, 86–8, 110, 112, 173–4  
allocative inefficiency 84, 167  
Anderson, W.W. 191  
Antitrust Division of the Department of Justice 40–41  
antitrust doctrine 21, 40  
antitrust laws (US) 21, 29, 40  
Aoki, M. 111, 120, 124, 125  
Apple 298  
Asian Development Bank 233, 235  
‘associationalist’ vision, business-government relations 25  
asymmetric information 41  
atomistic competition 71–2  
Australia 235, 237, 239–40  
Austrian School 26, 28, 41–3  

Bain, J. 22, 33, 168  
Balestrino, A. 233, 234, 241–2, 243  
barriers to entry 54, 164, 165, 166, 167, 168, 169, 178, 207, 215  
Baudrillard, J. 177  
Baumol, W.J. 31, 245  
Beath, J. 162, 172  
Begon, M. 136, 141, 145, 148, 163  
behaviour see consumer behaviour; firm behaviour  
benchmarking 109, 116  
beneﬁcence 38  
best practice/techniques 84–5, 109, 116, 117, 127  
bio-industries 85–6  
biodiversity 124, 136, 137, 160, 174, 175, 178, 214, 215  
biological analogies 70, 135, 136  
bio logical competition 134, 214  
biological evolution 24, 70, 136, 139, 160, 174, 214, 215, 297  
biological evolutionary systems 118, 119–20, 174  
biological selection 23, 24, 136  
biological systems 297  
black-box approach 26  
Bloch, H. 71  
Bork, R. 40, 41  
bounded rationality 49, 69, 235, 244, 245, 260, 275, 279, 296  
Bradburd, R.M. 165  
Bretton Woods institutions 76  
Broda, C. 218, 224–6  
bureaucracy 73  
Bush Administration 25  
business(es)  
concentration 31, 114, 137  
conduct, and performance 35–7  
cooperation see interfirm cooperation  
emergence of new institutions 296–7  
responses to uncertainty 97–9  
as source of economic development 76  
survival see survival, of business
business cycles 67, 69, 90
business diversity
dynamic and static situations 88–99, 104
economic performance 83
franchising and reduced 295
globalization and 137
institutional factors 284
production efficiency frontiers 116–21
quantitative aspects 99–101
rivalry, innovation and 101–3
in a stationary economic state 84–8
business management literature, niche concepts in 164–5, 166, 168
business partnerships
formation of 287–9
gains of sharing and providing knowledge 291–4
business prospects 162
‘business stealing effect’ 30
business-government collaboration 25
buyers see consumers
capitalism
economic growth 76
economic power 112
entrepreneurs as driving force of 69–70
evolution 73–4
innovation under 71
self-destruction 73
transitions to 75
Capitalism, Socialism and Democracy 67, 69, 71, 72, 73, 75, 76, 79
Caves, R.E. 166, 167, 168
centralization 211, 295
centrally planned economies, transitions to capitalism 75
Chamberlin, E.H. 34, 60, 161, 162, 164
chance discoveries 96
changes, in product variety 229
Chicago School 21, 39–41
China 90, 91, 92, 120–21, 154, 296, 298
Christiansen, F.B. 160, 191
Clark, J.M. 2, 38, 67, 72, 112, 164
class structure 74
Clayton Act (1914) 29
coalitions 198, 287
Coase, R.H. 24, 41, 121, 193, 196, 234,
Index 305

industry structure and performance 2
optimal 44
structural approach 29–39, 43–4
for a typical industry 43
competitive equilibrium 20, 22, 30, 222
competitive markets 111, 112
competitive mechanisms, fund allocation 246–8
complementarity 28, 29, 94, 134, 135
complete knowledge 279, 298
concave production possibility 92–4
consumer attributes, and economic performance 50–52
consumer behaviour 49–50, 77
consumer choice 48
consumer diversity 48, 50
product differentiation and product variety 60–63
product innovation 52–4, 58
consumer surplus, imperfect competition 21
consumer welfare, product variety and 227–9
consumers
accessibility to product variety 226–7
knowledgeability 197
rationality 48–9
role, innovation and technological change 77
see also early adopters
consumption 1, 38, 39, 50, 230
contest competition 144–6, 147, 148, 149, 151, 162
contestability 31–3, 72, 114, 115, 135
public employment 240–41
transaction costs 238–40
contracting out 261
existence of firms and performance 255–60
market extension 110
publicly funded commodities 236–40
convex production possibility 94–5
cooperation see interfim cooperation; interspecific cooperation
coordination, information and investment 198–9
Corchon, L. 30
corner point 93, 258
corporate capitalism 71, 75
corporate personality 71
costless flexibility 27
costs
contracting out public works 236–7
see also per-unit costs; transaction costs
creative destruction 69, 73, 136, 171
customer-contractor principle 110
Darwin, C. 133, 138
Darwinian-type evolution 120, 138
cooperation 287
economic 42–3, 67, 69–73
selection processes 24, 109
David, P.E. 89
Dawkins, M. 139, 203
deadweight economic loss 31, 36, 37, 196
deadweight social loss 242
decentralization 42, 262, 264, 275, 279, 294
decision-making 49, 71, 85, 258, 280–84, 296–7
see also contracting out; managerial decisions
Deloitte and Touche Consulting Group 237–8
demand-pull 96
Demsetz, H. 255, 261, 288
deregulation 21, 178
deviant search behaviour 100
diffusion of innovations 57, 103
diffusion of knowledge 90
discovery 28, 96
disequilibrium 69, 78, 91, 203, 281
diversification 95–7, 211
diversity
of attributes, and socioeconomic systems 109, 110, 111, 125
of behaviour 36, 97
of commodities and market niches 174–6
of fitness see fitness
of leaders and followers 74
see also biodiversity; business diversity; heterogeneity; industrial diversity; product variety
division of labour 117, 215
Competition, diversity and economic performance

double-handling, costs arising from 240
Downie, J. 117, 127
dual systems 91–3, 281
Duncan, R.C. 274
dynamic efficiencies 26, 33, 167–8
dynamic market adjustment 69
dynamic situations, diversity in 88–99, 104
dynamic theories/models 68–9, 88
Earl, P.E. 49–50, 236, 244, 255, 260, 275, 290, 295
early adopters 27, 51–2, 54–5, 56, 57–8, 77
early entry strategies 165
easy entry and exit 2, 20, 60, 71, 149
ecological analogies, diversity in a stationary state 84
ecological models
diversity, inequality and population survival 141–50
policy consequences of adopting 153–5
ecological niche 136–7
ecology
competition in 132–3, 133–5
and economics
analogies between 153–4
cross-fertilization of ideas 4
niche concepts in 160, 163, 169
variation in fitness of species 214–15
economic benefits
interfirm cooperation 289–94
measurement of economic performance 38
economic development
cut-throat competition 121
innovations 78
market niches and long-term 170–74
uniformity 124–6
vulnerability 210–213
economic efficiency
atomistic competition 71–2
best business practice 84–5
collective provision of information 42
competition and 20, 22–6, 121
division of labour and specialization 215
dynamic 26, 33, 167–8
market niches 166–70
market structures 72
monopolistic competition 34
perfect competition 2, 20, 61–2, 72
second-best 241, 243
short-term 33, 44
static 5, 33, 155, 202, 205, 215
see also Pareto efficiency
economic evolution
China 120–21
competition and 109, 121
Darwinian theories 42–3, 67, 69–73, 120
free markets 113
economic growth
capitalism and 76
China 120–21
competition and 20
globalization and reduced 177
innovations 67–8
market niches and long-term 170–74
product innovation 60
resource quality/quantity 1
short-term resource allocation 177
workable competition 38–9
economic inefficiency 36, 60, 112, 167, 248
economic organization 25, 119, 120, 253, 281
economic performance
business conduct 35–7
business diversity 83, 84, 124
competition and 38–9, 121–2
consumer diversity/attributes 48, 50–52
diversification 95–7
entrepreneurship and innovation 88, 89–90
fitness of firms 202–7
frictions and improvement in 203
human welfare 1
industry structures 2, 29, 40
interfirm cooperation 34, 282, 285–6
knowledge as a factor in 196–9
market impediments 183
market mechanisms 233, 253
market systems/structures 2, 34–5, 44
non-contestable networks 33
quantitative aspects 99–101
resource conservation 1
transaction costs 193–4
Index

economic power 112, 161
economic restructuring 178
economic selection 139
economic survival see survival, of businesses
economic systems
diversity and evolution of competitive 109–127
human well-being 38
interconnectedness of 211
economic vulnerability 207–213
economic welfare
globalization 224–6
product variety 176, 226–9
resource misallocation and loss in 21
transaction costs 193, 194, 280–81
economics
competition in 132, 133–5
diversity in 138
and ecology
analyses between 153–4
cross-fertilization of ideas 4
intraspecific competition 149–50
niche concepts in 163–4, 169
scarcity of resources 1–2
see also evolutionary economics; institutional economics;
mainstream economics; neoclassical economics; welfare economics
economies of scale 112, 114, 162, 165, 173, 203
economic fitness and sorting failures 219–22
existence of firms 255
globalization and economic vulnerability 207–210
internal 31, 32, 34, 219–20, 222
monopolization 37
education 76
efficiency
and technical progress 117
see also allocative efficiency; economic efficiency; productive efficiency
efficiency defense 40, 41
Eldredge, N. 166
elimination
of genotypes 122, 123
market newcomers 230
embodiment of techniques 27, 89, 90
employment 23–4
Energex 239, 240
entrepreneurial action 28
entrepreneurial function 71
entrepreneurs 69, 71, 74, 90, 99–100
entrepreneurship 60, 70, 71, 88, 89–90
entropy 125
entry and exit
costs, market stability 203
see also barriers to entry; early entry strategies; easy entry and exit;
free entry and exit; impeded entry; late entry
entry-deterring behaviour 166, 172
environmental conditions 85, 119, 120, 122, 123, 145, 212, 213
epidemic diffusion 57
EU financial bodies 233
evolution
mechanisms of 135–8
optimization, competition and 138–41
see also biological evolution; economic evolution; industrial evolution; speciation
evolutionary economics 69, 70, 73, 78, 112, 136, 138, 140
see also economic evolution
Evolutionary Economics 135
evolutionary forces 122, 123
evolutionary systems, assessment of 119
evolutionary theory 24, 119–20, 132, 149
excessive consumption 39
excessive product differentiation 63
exclusion 169, 177
exploratory (search) behaviour 96–7, 99, 100–101, 104
external economies 150, 222
external shocks 24, 25, 211, 213, 214, 215
extinction 143–4, 145, 149, 174, 297
Faber, M. 119
Farrell, M.J. 21, 84, 85, 116
Fenchel, T.M. 160, 191
field effects 109, 122, 123, 124, 125
financial markets 25, 36–7
firm(s)
ability to produce 27
as a decision-making unit 280–84
economic activities 121, 281
evolutionary theory 24
factors influencing existence of 255
growth 96–7
neoclassical theory 84–5
see also fitness of firms; large firms; multidivisional firms; oligopolistic firms; representative firms; small firms
firm behaviour
diversity 97
entry-deterring 166, 172
exploratory 96–7, 99, 100–101, 104
institutional factors 36
non-profit maximizing 183, 184–6
path dependence 254
perfectly competitive markets 35
fitness, diversity of, and population dynamics 141–50, 214–15
fitness of firms
diversity of dynamic economic performance 202–7
economies of scale and sorting failures 219–22
fittest
in economic terms 123–4
in the evolutionary sense 139–40
see also survival, of the fittest
fixed capital 27, 89
flexibility 27, 97, 118, 119, 120
focus strategies 167
followers 56, 74, 75, 90, 117
Foss, N.J. 96, 199, 298, 299
Foster, J. 70
franchising 63, 162, 227, 288, 290–91, 294–5
free entry and exit 30, 32
free markets 112, 113
frictions (market) 160, 178, 203, 282, 300
Friedman, M. 132
Gabszewicz, J.J. 172
Galbraith, J.K. 49, 255
Gallagher, M. 169
game theory 62, 198, 287, 290
Gao, Z. 90
general equilibrium 42
genetic information 135–6
genotypes 119–20, 122–3
German Historical School 68
global diversity 136, 138, 160, 162, 175, 176, 295
Global Financial Crisis 25
globalization 76
economic welfare 224–6
impacts of 186
industrial diversity 109
industrial uniformity 124
market niches 160, 176–9
product variety 35, 137, 162, 175, 177, 218, 224–6
reduced market impediments 168
see also market extension
Gould, J.R. 261
Gould, S.J. 138, 139, 141
government-business collaboration 25
governments, and innovation 76–7
Grabner, G. 178
Grafe, T.U. 287
Grønhaug, K. 135
Group of Lisbon 177
Grubel, H. 112
Gulati, R. 288
Hannon, B. 166
Harberger, A.C. 21
Hartley, K. 36, 284
Haughland, S.A. 135
Hayami, Y. 274
Hayek, F. 41, 42, 196, 197, 298
Hemelrijk, C.R. 148
Henry, C. 118, 123
heterogeneity 36, 116, 144, 148, 161, 162, 165, 178, 283, 300
Hicks, J. 36, 48
hierarchical structures 297
Hirshleifer, J. 261
historical backgrounds, industries 117
historical methods 68, 72, 73, 79
Historical School (German) 68
hit-and-run entry 32
Hodge, G. 237, 238
Hodgson, G. 70, 132, 166
Index

Holling, C.S. 125
Hommes, C.H. 190
homogeneity 30, 144, 178
horizontal differentiation 165
horizontal integration 295, 297
Hotelling, H. 49, 60, 62, 137, 164, 169, 175, 218, 222–4
human capital 27, 89, 241
human welfare 1, 38, 120
hybrid systems 260
hyper-responsiveness 119
IBM 112
imitation 27, 102, 124, 171
impeded entry, market failure 167
imperfect competition 72, 172
consumer surplus 21
convergence to perfect competition 30–31
innovation 21
market niches and 164
implicit contracts, labour markets 24
imputed profit, absence of transaction costs 266–70
in-house supply of an input 257–8
incentive to innovate 33, 44, 102, 103, 161, 171, 299
income distribution 20, 241, 243
income inequality, product innovation 55–6
indeterminateness 88
India 90, 91
industrial diversity, evolution of competitive economic systems 109–127
industrial evolution 150–53, 162
industrial organization 29
industrial structures
economic growth 120
economic performance 2, 29, 40
optimal 114
and policy 29, 109
industry-wide economies of scale 220–22
inefficiency see productive inefficiency; social inefficiency; technical inefficiency; X-inefficiency
inequality, population survival 144, 146
inert zone, straddle case 258
information
coordination and investment 198–9
decentralized 42
efficiency and collective provision of 42
non-market exchange 28
perfect competition 41
see also asymmetric information; genetic information; networking; perfect information
information (and communication) technologies 77, 211, 297
information flows 298–9
innovating firms, life cycle 59
innovation(s)
competition and 25–6
contestability 114, 115
diffusion of 57, 103
economic 71
economic growth 67–8
economic performance 88, 89–90
imperfect competition 21
and industry structure 114
market extension and 177
market niches and 171
market power and extent of 114–15
passive consumers 49
perfect competition and retardation of 72
rate of 114, 115–16
rivalry and business diversity 101–3
sources of 76–8
threat from 38
uncertainty in 68, 71, 76
under capitalism 71
see also incentive to innovate;
product innovation
input diversity 92–5
institutional capital 247
institutional economics 254, 282
institutional factors
business uncertainty 97–9
firm behaviour 36
institutional innovations 78
institutional structures 100, 110, 118, 193, 282, 283–4
insurance 98, 99
intellectual property protection 21, 26, 54, 103
intense competition 3, 59–60, 83, 102, 110, 121, 122, 132, 207
interdependence 32, 76, 135, 297
interfirm cooperation 281
advantages and disadvantages 284–7
business success 122
competitiveness 28–9
decision-making 282–3
economic performance 282
institutional forms 294–7
lack of attention to, in economic texts 28
marketing new products 53–4
networks, information flows and coordination 298–9
relationships and occurrence of 288
sharing economic benefits of 289–91
see also collusion
internal economies of scale 31, 32, 34, 219–20, 222
internal organization, competitive pressures and increased 23
International Joseph A. Schumpeter Society 69, 78
International Monetary Fund (IMF) 110, 233, 234, 235
international trade, freedom in 35
internet 78, 211
interspecific competition 133, 169, 287
interspecific cooperation 28
interventionism 40, 123
intraspecific competition 133, 141–50, 169
investment(s)
excessive risks in real estate 25
information, coordination and 198–9
market competition and 23
market extension and 177–8
supply of new products 52
Ito, T. 298
Janssen, C.T.L. 261
Japan 28, 134, 155, 281, 299
Jarrett, F.G. 274
Johnson, P. 58
joint ownership 97
joint production 255
joint ventures 290, 295–6
*Journal of Evolutionary Economics* 69
*Joyless Economy* 218
Kaldor, N. 28, 135
Katsoulakos, Y. 162, 172
Kauffman, S.A. 24
Kaufmann, R.K. 178
Kay, N.M. 28, 96, 255
Kibria, M.G. 86
Knight, F. 40, 60, 68, 69, 83, 88
knowledge
diffusion of 90
gains of sharing and providing 291–4
intense competition and 121
market dynamics and performance 196–9
protection of intellectual 21
see also collective knowledge; complete knowledge
knowledgeability, consumers 197
Kovacic, W.E. 25
labour markets, implicit contracts 24
labour mobility, market dynamics 191–3
laggards 27, 56
laissez-faire 25, 40
Lamarckian-type evolution 24, 120
large firms 21, 25–6, 77, 122, 165
large group monopolistic competition 34–5, 60–62, 62–3, 114, 161
large group monopolistic firms 38, 73
Lasselle, L. 186
late entry 165
leaders 74, 90, 117
leadership positions, Schumpeterian industries 43
learning 86, 96, 121, 148
learning ability 24
learning-by-doing 236, 237, 247, 258, 259, 264, 266, 269
Lee, C. 296
legal action costs 237
legal entities 284
Lewis, W.A. 191
Lewontin, R.C. 177
life cycles, products see product cycles
lifestyle theory, consumer behaviour 50
limited liability 78, 97, 100, 104, 284, 296
Lindner, R.K. 274
Loasby, B.J. 199, 298, 299
Index

local diversity 175, 176
location, and competition see spatial competition
lock-in 89, 97, 178, 287, 295
long-run competitive equilibrium 30
long-run costs of production 34, 35, 61, 203
long-run perfect competition 32
long-term optimality 44
Lovell, C.A.K. 116
loyalty 122, 240

McDonalds 291
Machlup, F. 42
Magnusson, L. 70
mainstream economics 2, 22, 31
make-or-buy decisions see contracting out
Malthus, T.R. 133, 143
Malthusian population dynamics 143, 144, 146
management 36, 85
managerial application 85, 86
managerial decisions 262, 264, 279, 294 see also decision-making
managerial discretion 36–7
managerial rationalism 244, 248
managerial slack 26, 27, 36
Mankiw, N.G. 30
marginal cost pricing 31, 32
marginal costs 43
marginal transaction costs 193, 194
market adjustment 3, 69, 150, 191, 207
market definition, Schumpeterian industries 43
market evolutionists 113
market extension
adverse selection 222
economic vulnerability 207–210, 210–211
investments and innovation 177
market niches 224 see also globalization
market failure(s) 41, 49, 121, 167, 197, 243, 246, 247, 279
market impediments, economic performance 183
market instability 178, 186, 203
market mechanisms
economic performance 233, 253
supply of publicly funded commodities 234
see also contracting out; transfer pricing
market niches see niches
market opportunity theory 96
market penetration, new products 52–3
market power 2, 22, 34, 36, 37, 38, 39, 42, 43, 72, 103, 109, 114–15
market segmentation 50, 58 see also niches
market selection 221–2
market stability
barriers to entry 215
knowledge as a factor in 196–9
niches and product variety 222–4
non-profit maximizing behaviours 183, 184–6
restrained market reactions 186–93
transaction costs 193–6
market systems/structures
economic performance 2, 34–5, 44
and efficiency 72, 112, 243
evolution of 113
heterogeneity 283
informative and coordinating value of 41
most desirable 29
oligopolistic 112–13, 114
as sorting mechanisms 202–3
market traders, rationality 197–8
marketing, new products 53–4
Markov processes 124, 125
Marks & Spencer 122, 134
Marris, R. 36, 96
Marshall, A. 32, 34, 35, 84, 85, 86, 133, 150
Marx, K. 67, 68, 72, 73, 75, 137
Mason, E. 22, 33
Masten, S.E. 253
mathematical equations 68–9
May, R.M. 169
Medlin, C.J. 298
Merger Guidelines 41
mergers 29, 33, 37, 39, 41, 112
Metcalfe, J.S. 70, 119
microeconomic attributes 125
MITI policy, research coordination 28
mixed strategies 198
mobility, and market niches 165, 167, 168, 178
monopolies 29, 31
monopolistic competition 161, 162, 164, 208–9
see also large group monopolistic competition
monopolization 37
monopoly capitalism 73
monopoly power 29, 33, 36, 43
monopoly rents 21
Morgenstern, O. 290
Mortimer, M. 136, 141, 145, 148, 163
multidivisional firms 260–65, 266–70, 275, 296, 297
mutation 136
Muth, J.F. 197, 198
mutualism 28, 29, 123, 134–5, 150–53, 287
n-person games 198
Naert, P.A. 261
Nash, J.F. 291
natural selection 138, 139, 153, 169
negative social effects, finely tuned systems 212–13
neo-Malthusian perspective 38–9, 76, 79
neo-Schumpeterian 70
neoclassical economics
allocative efficiency 27, 110
consumer diversity 48, 49
decision-making 280
distinguished from new institutional economics 254
efficiency of competition 22
highly competitive markets 35–6
productive efficiency 21, 116
productive possibilities 69–70
theory of the firm 84–5, 132, 282
welfare economics 224, 227–9
network dependency 89, 211
network effects, Schumpeterian industries 43
network industries 32–3, 53, 89, 153, 219
networking 135, 280, 284
networks
information flows and coordination 298–9
non-contestable 33
see also support networks; utility networks
New Institutional Economics 254
new products
consumer attributes and 51–2
consumption of, and benefits to late adopters 54–5
receptivity to 50, 58
niche differentiation 169
niche marketing 165
niche selection 172
niches 160–79
availability 160–61, 174, 175, 176, 179
concepts in everyday use 163–6
diversity of commodities 174–6
globalization 160, 176–9
long-term economic growth and development 170–74
market stability and product variety 222–4
monopolistic competition 63
origins, and relationships to competition 166–70
survival of businesses 137
non-linear production possibilities 92–5
non-performance, penalty for 244
non-profit maximizing behaviours, market stability 183, 184–6
non-straddle cases 271–2
Norman, G. 172
Novshek, W. 30
obligation 122
OECD 164, 168
old capital 27
oligopolistic competition 72
oligopolistic firms 38, 71
oligopolistic industries 63, 209, 210
oligopolistic markets 30, 37
oligopolistic structures 112–13, 114
open-access
to resources 100, 248
see also scramble competition
opportunism 253, 275
optimization, competition and evolution 138–41
organic approach (Marxist) 75
organizational structures, change in 119
orthodox economics 71–2
outsiders 125
outsourcing contracts (IT) 238
ownership 31, 36, 97

PA Consulting Group 237
Pareto efficiency 2, 5, 20–21, 35, 72, 197
Pareto, V. 20
passive consumers 49, 58
patent protection 26
path dependence 68, 89, 123, 219, 222, 254, 287, 290
pay-off, search behaviour 100–101
Penrose, E. 95, 96, 97
Pepall, L. 164, 165
per-unit costs 34–5, 52, 61, 202, 203, 204–6, 279
perfect competition 171
conditions for occurrence of 30
convergence of imperfect to 30–31
economic efficiency 20, 61–2, 72
long-run 32
per-unit costs 34
rate of innovation 114
resource availability 35
perfect information 30
perfectly competitive markets 2, 20, 29, 35, 41, 164
performance budgeting and accounting 244–5
phenotypes 119, 120
physics 133
pig industry (Vietnamese) 88, 92
piling-up 111, 112, 124, 125, 126, 127
policy consequences, adapting ecological models 153–5
population dynamics 141–50, 154, 191, 214–15
Porter, M.E. 165, 166, 167, 168
portfolio diversification 97
Posner, R.A. 41
predatory competition 37
predictability 68
prediction 4, 88
predictive ability 97
preference hypothesis 48
premature trial, new products 51
price discrimination 29, 31
price expectation 185, 186–91
price-taking firms 30, 88, 202–7
principal-agent problems 253, 264
private ownership 31
private property rights 154
privatization 33, 233
pro-growth strategy 96
proactive consumers 58
product cycle(s) 27, 56–60, 90–91, 150
product differentiation 34, 60–63, 161, 164–5, 172
product diversification 97
product homogeneity 30
product innovation 51
consumer diversity 52–4
consumer role 50
economic development 78
economic growth 60
identification of early adopters 57–8
income inequality 55–6
market competition 59–60
uncertainty 60
product proliferation 63, 166
product variety 92–5, 136
economic welfare 176, 226–9
franchising and reduced 295
globalization 35, 137, 162, 175, 177, 218, 224–6
market niches
and favouring of 174–6
market stability 222–4
product differentiation 60–63
production
class structure 74
dual systems 91–2
production efficiency frontiers 116–21
production functions 23, 26, 86–7, 101
production methods
allocative efficiency 86–8
cycles in 90–91
differences in absolute costs 112
diversity in 85–6
embodied 89
and industrial vulnerability 212–13
production possibilities 27, 41, 70, 92–5, 97
production techniques 110, 117, 124, 127
productivity 21, 24, 86, 122, 212–13
profit centres 279
profit maximization
allocative efficiency 86, 87
business conduct and performance 35, 36–7
globalization and prevalence 186
make-or-buy decisions 256–7
market destabilization 184
optimal boundaries 254
product variety 92–5
survival of businesses 35, 132–3, 140–41
see also non-profit maximizing behaviours
protective legislation 42
psychological factors, of consumption 49, 230
public administration, limits to rationalism in 244–5, 248
public bodies, optimal size 234, 236
public companies 36, 96, 97–8, 296
public employment contracts, insecure 240–41
public provided commodities 233–4
contracting out 236–40
user charges 241–3
public utilities 32–3, 211
punctuated equilibrium 70, 136
Quandt, R.E. 245
radical structural change 125
random drift 174
Rapport, D.J. 139
rationalism 235–6, 244–5, 248
rationality 48–9, 197–8
see also bounded rationality
reaction relationships, market dynamics 186–91
real estate, excessive risk in investment 25
receptivity, to new products 50, 58
reductionist approach, decision-making 49
relationships, partner formation 288
representative consumer 48–9
representative firm 61, 84–5, 104
reproduction 139, 154
research and development 33, 43, 96, 102, 171, 246–8
resource allocation 20, 41–2, 167, 177, 197, 246–8, 281
see also allocative efficiency
resource availability 1, 35, 134, 144, 145–6, 154, 169
resource conservation 1
resource depletion 76
resource diversity 148
resource management 1
resource misallocation 21
resource scarcity 1–2, 134
resource utilization 1, 96, 248
resource-based advantages 296
restrained market reactions 183, 186–93
retail sector 162, 295
revealed preference 48
Ricardo, D. 143, 149, 215
Richardson, G.B. 28, 34, 35, 54, 122, 134, 183, 198, 275, 279, 281, 282, 283, 284, 288, 298, 299
Rickels, R.E. 136, 163
risk aversion 100
risk reduction strategy 93, 94
risk-taking 97–8
risky real estate investment 25
risky research strategies 101, 102
rivalry/rivalrous competition 21, 28, 36, 40, 101–3, 135, 153, 239
Robinson, J. 34, 60, 161
Rojek, C. 74
Ross, D.R. 165
Roughgarden, J. 191
Russia 120
sales maximization 36
Salter, W. 27, 89, 117
Schmalensee, R. 43, 53
Schmidt, P. 116
Schmookler, R. 96
Schumpeterian industries 43, 53
Scitovsky, T. 137, 218
<table>
<thead>
<tr>
<th>Term</th>
<th>Page(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>scramble competition</td>
<td>142–4, 146–7, 148, 149</td>
</tr>
<tr>
<td>search (exploratory) behaviour</td>
<td>96–7, 99, 100–101, 104</td>
</tr>
<tr>
<td>second-best economic efficiency</td>
<td>241, 243</td>
</tr>
<tr>
<td>Seidl, I.</td>
<td>138</td>
</tr>
<tr>
<td>selection</td>
<td>70, 118, 123, 174, 177</td>
</tr>
<tr>
<td>selection costs, fund allocation</td>
<td>246, 247</td>
</tr>
<tr>
<td>selection processes</td>
<td>23, 24, 109, 136</td>
</tr>
<tr>
<td>self-interest</td>
<td>186, 253, 254</td>
</tr>
<tr>
<td>self-organization</td>
<td>148</td>
</tr>
<tr>
<td>self-organizing systems</td>
<td>70</td>
</tr>
<tr>
<td>Shapiro, C.</td>
<td>25</td>
</tr>
<tr>
<td>Sherman Act (1890)</td>
<td>21, 29</td>
</tr>
<tr>
<td>Shionoya, Y.</td>
<td>68, 72–3, 75</td>
</tr>
<tr>
<td>shock therapies</td>
<td>127</td>
</tr>
<tr>
<td>shocks</td>
<td>24, 25, 211, 213, 214, 215</td>
</tr>
<tr>
<td>short-run costs of production</td>
<td>34–5</td>
</tr>
<tr>
<td>short-term economic efficiency</td>
<td>33, 44, 155</td>
</tr>
<tr>
<td>short-term optimality</td>
<td>139</td>
</tr>
<tr>
<td>side payments</td>
<td>290</td>
</tr>
<tr>
<td>Simon, H.A.</td>
<td>211, 244, 297</td>
</tr>
<tr>
<td>Simons, H.C.</td>
<td>40</td>
</tr>
<tr>
<td>Skousen, M.</td>
<td>39</td>
</tr>
<tr>
<td>small firms</td>
<td>26, 60, 77–8, 103, 165, 280</td>
</tr>
<tr>
<td>Smith, A.</td>
<td>20, 215</td>
</tr>
<tr>
<td>Social Darwinism</td>
<td>42</td>
</tr>
<tr>
<td>social dominance</td>
<td>148, 154</td>
</tr>
<tr>
<td>social exclusion</td>
<td>177</td>
</tr>
<tr>
<td>social factors, adoption of new products</td>
<td>51–2</td>
</tr>
<tr>
<td>social inefficiency</td>
<td>30</td>
</tr>
<tr>
<td>social influences, consumer behaviour</td>
<td>77</td>
</tr>
<tr>
<td>social innovations</td>
<td>77</td>
</tr>
<tr>
<td>social sampling problem</td>
<td>77</td>
</tr>
<tr>
<td>socialism</td>
<td>73, 75</td>
</tr>
<tr>
<td>socialist democracy</td>
<td>75</td>
</tr>
<tr>
<td>socioeconomic contexts</td>
<td></td>
</tr>
<tr>
<td>diversity of attributes and dynamics</td>
<td></td>
</tr>
<tr>
<td>evolutionary theory</td>
<td>120</td>
</tr>
<tr>
<td>interconnectedness and vulnerability</td>
<td>211</td>
</tr>
<tr>
<td>interfirm cooperation</td>
<td>285</td>
</tr>
<tr>
<td>support networks</td>
<td>171</td>
</tr>
<tr>
<td>value of diversity</td>
<td>120–21</td>
</tr>
<tr>
<td>software industry</td>
<td>25, 43</td>
</tr>
<tr>
<td>spatial competition</td>
<td>49, 137, 164, 169–70, 218</td>
</tr>
<tr>
<td>specialist consumers</td>
<td>58</td>
</tr>
<tr>
<td>specialization</td>
<td>93, 109, 117, 165, 173, 211, 214, 215</td>
</tr>
<tr>
<td>speciation</td>
<td>4, 134, 136, 137, 138, 174, 214, 215, 297</td>
</tr>
<tr>
<td>Spence, M.</td>
<td>172</td>
</tr>
<tr>
<td>stagnation</td>
<td>113</td>
</tr>
<tr>
<td>state-owned enterprise system (China)</td>
<td>121</td>
</tr>
<tr>
<td>static allocative efficiency</td>
<td>20, 173</td>
</tr>
<tr>
<td>static economic efficiency</td>
<td>5, 33, 155, 202, 205, 206, 215</td>
</tr>
<tr>
<td>static economic state, business diversity</td>
<td>in a 84–8</td>
</tr>
<tr>
<td>static formulation, production process</td>
<td>26–7</td>
</tr>
<tr>
<td>static theories/models</td>
<td>68</td>
</tr>
<tr>
<td>Steindl, J.</td>
<td>137</td>
</tr>
<tr>
<td>Stigler, G.J.</td>
<td>28, 40, 42, 135</td>
</tr>
<tr>
<td>stochastic models</td>
<td>88, 100</td>
</tr>
<tr>
<td>straddle case</td>
<td>258, 266–7, 271, 272–4, 279</td>
</tr>
<tr>
<td>strategic niche management</td>
<td>171</td>
</tr>
<tr>
<td>structural adjustment policies</td>
<td>109, 110, 126, 127, 235–6</td>
</tr>
<tr>
<td>structural approach, competition policy</td>
<td>29–39, 43–4</td>
</tr>
<tr>
<td>structural change</td>
<td>125</td>
</tr>
<tr>
<td>Structural Change and Economic Dynamics</td>
<td>165–6</td>
</tr>
<tr>
<td>structure-conduct-performance (SCP) paradigm</td>
<td>29, 33–4</td>
</tr>
<tr>
<td>sub-goals</td>
<td>139, 140</td>
</tr>
<tr>
<td>suppliers</td>
<td></td>
</tr>
<tr>
<td>as source of innovation</td>
<td>77</td>
</tr>
<tr>
<td>see also reaction relationships</td>
<td></td>
</tr>
<tr>
<td>supply-side considerations, product</td>
<td>52–4</td>
</tr>
<tr>
<td>innovation</td>
<td></td>
</tr>
<tr>
<td>support networks</td>
<td>171</td>
</tr>
<tr>
<td>survival of business</td>
<td></td>
</tr>
<tr>
<td>of business</td>
<td></td>
</tr>
<tr>
<td>entrants to industry</td>
<td>150–53</td>
</tr>
<tr>
<td>evolutionary theory</td>
<td>24</td>
</tr>
</tbody>
</table>

*Index* 315
flexibility and adaptability 118–19
intense competition and 121
market niches 137
profit maximization 35, 132–3, 140–41
protection of intellectual knowledge 21
provision of economic benefits 138–9
of the fittest 122–3, 138
of living things 134
of populations 141–50
Swann, G.M.P. 49, 57, 114, 115
Swanson, T.M. 124
Swedburg, R. 75
symbiotic relationships 122, 287, 291
take-overs 96
tâtonnement process 69
tax (Tobin) 183, 194–6
taxation, and transfer pricing 261
technical efficiency frontiers 116
technical inefficiency 23, 167
technical progress 162, 171–2
barriers to entry 207
competition and 23
firm efficiency and 117
optimal transfer pricing 270–75
technological change 27, 68, 70–71, 76, 77, 89
industrial diversity and 109
Schumpeterian industries 43
technological possibilities 116
technological roles, diversity of 117
technology adoption 89–90
Theorie der Wirtschaftlichen Entwicklung 67
The Theory of Economic Development 71
Thisse, J.-F. 172
threat power 291
time-dependent paths, equilibrium of dynamic models 68
time-related dimension, commodity diversity 174–5
Tisdell, C.A. 1, 28, 36, 49, 68, 72, 84, 85, 86, 90, 92, 93, 116, 121, 123, 135, 137, 138, 150, 213, 255, 257, 274, 284, 290, 298
Tobin, J. 183, 193, 194
Tonge, R. 165
township and village enterprises, China 120, 121
trade barriers, availability of product variety 227
traditional institutional economics 254
transaction costs 41, 42, 253
allocative efficiency 86–8
contestable electricity supply 238–40
difference, experienced by price-takers 88
economic welfare 193, 194, 280–81
existence of firms 255, 280
funding allocation 247
of insurance 99
intellectual property protection 26
laying off workers 24
managerial economics 235
market dynamics 193–6
market inefficiency 121
optimal transfer pricing in absence of 262–5
and importance of 265–70
technical progress and significance of 270–74
publicly provided goods 242
size of public bodies 234
vertical integration 261
transfer pricing managing multidivisional firms 260–65
and transaction costs see transaction costs
transitional economic conditions, and business diversity 91–2
transitions to capitalism 75
Triffin, R. 168
trust 291
Tullock, G. 139
Turner, J.E. 139
U-shape relationship, market power and extent of innovation 114–15
U-shaped long-run costs 34
uncertainty 40
business responses to 97–9
and diversity 95
in innovation 60, 68, 71, 76
insecure employment contracts 240
X-inefficiency 24
uniformity 89, 110–111, 124–6, 177
United States 21, 25, 29, 40, 63, 218, 226, 281
user charges, publicly provided goods 233, 241–3
utility networks, dependence on 211
variation 120, 177
Veblen, T. 49
Vernon, R. 90
vertical differentiation 164–5
vertical integration 260–61, 262–4, 275, 295
vertical mergers 41
Vickers, J. 22–3, 24, 25, 28
Vietnam 88, 91, 92, 120
vintage capital 27
vintage techniques 117
von Hippel, E. 50
von Mises, L. 161
von Neumann, J. 290
von Schmoller, G. 68
vulnerability
interdependence and 297
see also economic vulnerability
Wakeley, T. 50, 236, 255, 260, 275, 295
Walras, L. 68, 69
Wealth of Nations 20
Weder, R. 112
Weinstein, D.E. 218, 224–6
welfare economics 20, 234
see also economic welfare
Whinston, M.D. 30
Williamson, O.E. 24, 41–2, 193, 196, 248, 253, 254, 281, 282, 283
willingness to take risks 97–8
win-win outcomes, in partnerships 291–4
‘winner takes most’ 43
Winston, C. 21
Winter, S.G. 69, 70, 132, 254
workable competition 38–9, 72, 112
World Bank 110, 233, 234, 235
Worster, D. 3, 133
X-efficiency 24, 237
X-inefficiency 23, 24, 26, 167
Yamamoto, I. 135
Young, A.A. 34
zero-sum two-person games 198