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Barriers to Entry

A Theoretical Treatment

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PREFACE

I was originally induced to think about barriers to entry by some research done for Charles River Associates, Inc., Boston, on behalf of their client IBM Corporation, Armonk, N.Y. After the end of this research project I continued to work on entry barriers and related issues of market structure. The results of this effort are reported here. What I present is not a book in the traditional sense of the word. Due to other research and administrative obligations I could not, without substantial delay, present a more finished product. The rapid progress in the field of industrial organisation theory made me fear that my results could become obsolete if I further waited with their publication. I hope that the early presentation of a progress report rather than a much later publication of a finished product is not only in my interest but also in the interest of economics.

I was fortunate to be able to present different chapters of my book in seminars at the following institutions: Bonn University, MIT, Harvard University, University of Chicago, North-Western University, University of Maryland, Bell Laboratories, European Association for Research in Industrial Economics (EARIE) Annual Meeting 1979, Princeton University, University of Pennsylvania, Theoretischer Ausschuß des Vereins für Socialpolitik, and the 1980 World Congress of the Econometric Society. I thank these audiences for their patience and their critical comments, which lead to many revisions. Many economists gave me valuable criticism and advice for which I am grateful. I particularly appreciate the extensive comments of those who did me the favour to read preliminary versions of the book. They are: Richard Caves, Partha Dasgupta, Avinash Dixit, Franklin Fisher, Felix FitzRoy, Joen Greenwood, Sandy Grossman, Alexis Jacquemin, John McGowan, Dennis Mueller, John Panzar, Steve Salop, Michael Scherer, Richard Schmalensee, Josef Stiglitz, Thomas von Ungern-Sternberg, Ingo Vogelsang, Oliver Williamson and Robert Willig. Most of them will see that I did not follow all of their suggestions for improvements. None of them is responsible for any errors in the book. I also thank Joen Greenwood, Thomas Hänchen and Helga Jentsch for their help in the production process. The final version was excellently typed by my secretary, Renate Meiners, whom I owe many thanks.

If this were a real book, I would like to dedicate it to my wife, Elisabeth. But it does not correspond to her standards of perfection, a circumstance, which on the other hand provided us and our children with sundays and vacations free from work.

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