London School of Economics. Contents. 1 Introduction. 1.1 The Bounds Approach 1.2 Scope and Content. 2 The Cross Industry Literature. 2.1 Background 2.2 Some preliminary examples 2.3 A Theoretical Framework 2.4 The Price Competition Mechanism 2.5 The Escalation Mechanism 2.6 Markets and Submarkets: The R&D vs. Concentration Relation. 3 The Size Distribution Literature. 3.1 Background: Stochastic Models of Firm Growth 3.2 A Bounds Approach to the Size Distribution 3.3 A Game-Theoretic Model of the Size Distribution 3.4 The Size Distribution: Empirical Evidence. 4. Dynamics of Market Structure Industrial Economics is the study of firms, industries, and markets. It looks at firms of all sizes—local corner shops to multinational giants such as WalMart or Tesco. And it considers a whole range of industries, such as electricity generation, car production, and restaurants. When analysing decision making at the levels of the individual firm and industry, Industrial Economics helps us understand such issues as: the levels at which capacity, output, and prices are set; the extent that products are differentiated from each other; how much firms invest in research and development (R&D).
we show that industrial ownership structures, such as keiretsu groupings in Japan, may significantly impact firms' incentives to engage in FDI. While the previous literature has mainly focused on the cost of capital advantages enjoyed by keiretsu firms, this paper examines two relatively unexplored channels by which ownership structure matters for FDI incentives. The first channel involves the direct incentives generated via standard product and factor market interactions whereby keiretsu firms with cross-ownership consider more directly the congestion effects of further FDI into a market.