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DYNAMIC ANALYSIS OF OLIGOPSONY UNDER ADAPTIVE EXPECTATIONS

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Abstract. This paper analyzes the global stability of equilibrium for oligopsony facing perfectly competitive product price under adaptive expectations, assuming each firm's production function to be quadratic and the factor price function to be linear. The general stability conditions are simplified for some special cases, and a formal similarity is noted between the stability for oligopoly and that for oligopsony.

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Key words. Oligopsony, oligopoly, adaptive expectations, stability

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