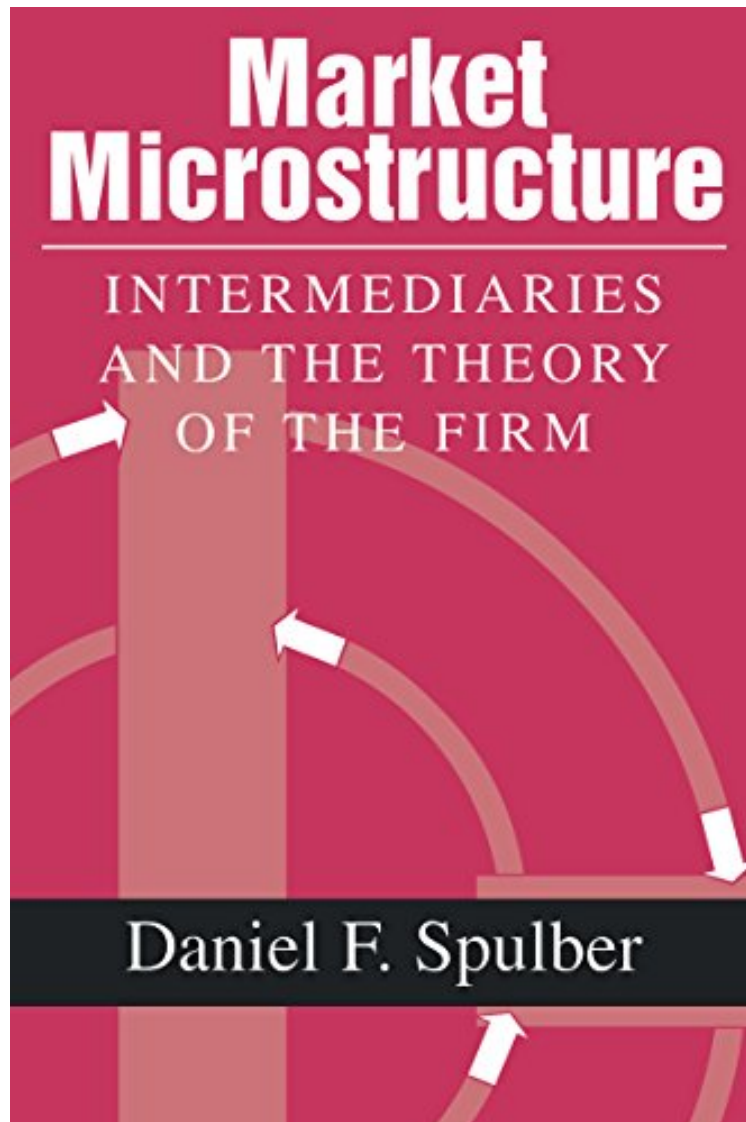


(Library ebook) Market Microstructure: Intermediaries and the Theory of the Firm

# Market Microstructure: Intermediaries and the Theory of the Firm

*Daniel F. Spulber*

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**Daniel F. Spulber : Market Microstructure: Intermediaries and the Theory of the Firm** before purchasing it in order to gauge whether or not it would be worth my time, and all praised Market Microstructure: Intermediaries and the Theory of the Firm:

0 of 0 people found the following review helpful. Five StarsBy MarkVery clear and useful book for researchers and students!0 of 0 people found the following review helpful. Unclear contributionBy JackalThis is a confused book. It purports to talk about all product/service markets and introduces the idea that the firm is the middleman between supply and demand. Instead of suppliers and buyers transacting directly, the firm is a coordination device. I am confused already. Does this really apply to all firms as the author implies? I can understand how a retailer or a travel

agent could be such a middleman. But can an automotive firm be such a middleman? The counterfactual idea of customers buying auto parts and assembling them in the garage is absurd. Nowhere does the author talk about such rather practical ideas. He then moves on to deal with important issues of adverse selection, transaction costs, etc. Undoubtedly important, but they are already discussed by an extensive literature. So the only unique idea is the firm as a middleman. The reader deserves to get a good explanation of this idea with lots of practical examples. The term microstructure also led this reviewer to think the book was about more detailed issues than standard theoretical microeconomics. I give the book one star. Had the author taken the effort and described exactly what the book is about and what it is not about, I could have provided a somewhat higher evaluation. 3 of 5 people found the following review helpful. Providing ideas of intermediary firm

By MA. Econ. Student BKK This book provides concepts of intermediary firm and its functions in economy. The author starts by introducing Pricing Mechanism and Adjustment (with uncertainty) in the first part. He gives fancy applications in Economic Theory (Gen. Eqm.) and competition among intermediaries in part II. Part III, he separates the concepts of matching and searching. Part IV, Adverse Selection and Moral Hazard problems are also given. Part V is Transaction Cost. Part VI is Agency Theory. All are presented with intermediary concepts. The author gives ideas about intermediary in many aspects by collecting lots of papers and conceptualization of them. The concepts can be used in financial and physical markets. It is indispensable for students who want to study Market Microstructure, Intermediary and E-commerce Concept.

This book presents a theory of the firm based on its economic role as an intermediary between customers and suppliers. Professor Spulber demonstrates how the intermediation theory of the firm explains firm formation by showing how they arise in a market equilibrium. In addition, the theory helps explain how markets work by showing how firms select market-clearing prices. Models of intermediation and market microstructure from microeconomics and finance shed considerable light on the formation and market-making activities of firms. The intermediation theory of the firm is compared to existing economic theories of the firm including the neoclassical, industrial organization, transaction cost, and principal-agent models.

"Market Microstructure provides a rich new theoretical analysis of the role of firms in markets. It argues convincingly that by acting as intermediaries, firms can alleviate the problems of adverse selection, moral hazard, and high search costs, and can encourage valuable investment. Using elegantly simple models, this book offers deep new insights into why firms emerge and how markets function." Paul Milgrom, Stanford University "Dan Spulber has been among the foremost contributors to the recent research on the role of firms as intermediaries (i.e., as middlemen). Different researchers have focused on differing roles for the firm, including reducing costs due to asymmetric information, search and matching, adverse selection, transactions costs, and agency. His new book provides a clear presentation of these developments that is outstanding for its breadth and depth, and for the order and organization he brings to a challenging topic." James Friedman, University of North Carolina, Chapel Hill "Spulber's book provides an innovative and comprehensive look at two important issues--the formation and boundaries of firms and the microstructure of markets. This book does an excellent job of combining different models in a unified approach to studying firms and markets. I believe it will be an excellent text for students of this subject." Chaim Fershtman, Tel Aviv University