

could give it greater value because of its enhanced social dimension. The authors have also evaluated perspectives of greater affirmation for social economy in Croatia.

The energy goals of the Lisbon Strategy are analyzed by Ana-Maria Boromisa, whose targets of achieving competitiveness, sustainability and security of energy supply are inherited by Europe 2020 as well. Nevertheless, these achievements are hindered by the often conflictual nature and trade-offs between these goals and member states' reluctance to allow liberalization of the energy market sector. Regarding Croatia's energy policy, it is shaped by national development goals, the EU integration process and the EU energy policy itself. Finally, the environmental dimension of the EU development strategies is given by Sanja Tišma and Helena Čermak. They indicated that the 6th Environmental Action Programme launched in 2001 became the basis for the development of the Lisbon Strategy's environmental branch. The environmental dimension represents a constituent part of the new Europe 2020 strategy with its emphasis on "green growth", where it serves as a platform for increased innovation, productivity and employment. However, the success of environmental goals in the future period will depend on their policy integration in other areas and better cooperation among different stakeholders. The authors also evaluate compliance with the EU environmental acquis among the new EU member states, which can serve as a good basis for Croatia's implementation of the EU environmental protection policy.

Launching of the Europe 2020 strategy as the new EU development agenda represents perfect momentum for the evaluation

of the Lisbon decade and perspectives of the new strategy. Therefore, the book represents a valuable contribution to the analysis of the entire EU governance evolution that has been streamlined by the Lisbon-type reforms, a tendency confirmed by the new strategy. Indeed, Europe 2020 now holds a pivotal position in the entire EU policy-making because all major policies would have to incorporate its recommendations that represent the tenets of the EU's development in the upcoming period. These tenets are knowledge and innovation, competitiveness and green growth underpinned by social inclusion and higher levels of employment. This has particular importance for Croatia, as the future new EU member state, which should use the Europe 2020 strategy as leverage for reforms, thus paving the way for its efficient EU membership. In conclusion, the recommendations and evaluation of best practices in this book represent a valuable contribution on that path. The book is available for download at the IMO web-page: <http://www.imo.hr/node/1231>

Saša Čvrljak

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**Paul Belleflamme
and Martin Peitz
INDUSTRIAL
ORGANIZATION
Markets
and Strategies**

Cambridge University Press, Cambridge (UK)
2010, 702 pp.

In the past two decades there has been a growing interest in industrial organization. Over the years, the study of industrial organization, as the analysis of imperfect markets and price theory, has evolved from an area in microeconomics to a self-defining part of economics strongly related to other

disciplines such as business and managerial economics, marketing, innovation economics, etc. As it has gained in importance, so the books on the subject have proliferated. When many would say there was no need for another textbook in industrial organization, a new comprehensive book arises; with the sole purpose to evaluate contemporary topics, as well as to communicate new findings and recent developments in the field of industrial organization.

The book "Industrial Organization: Markets and Strategies" aims at presenting the role of imperfectly competitive markets for private and social decisions, with the emphasis on strategic competition and market power. This title provides a comprehensive guide to industrial organization in the imperfect market conditions of the real world situations and the text itself ensures a learning framework for understanding the two basic concepts of the book, namely markets and strategies. Covering topics such as basic models in oligopolistic competition and modern theory of monopoly, sources of market power, pricing strategies, tacit agreements and competition policy, predatory behaviour, asymmetric information etc., it analyses most of the current intermediate microtheory. However, it also covers topics in latest developments on product bundling and branding strategies, new forms of price discrimination, restriction in vertical supply relationships, innovation issues, intellectual property protection and market intermediation. Theory is useless unless it leads to real-world applications. In such a manner, the book offers an insightful display of many real-life cases and examples, as well as simple models and diagrams for illustrative purposes which are featured by not so complex

algebraic expressions. While formal in its approach, the book is written in such a way that it requires certain basic mathematical knowledge and proficiency in elementary and applied microeconomics. This textbook systematically presents and makes accessible the advances and new learning of the past twenty years in the field of industrial organization.

The book is divided into 9 parts and 23 chapters with the addition of an Appendix. Each part starts with a short introduction that describes its content, whereas every chapter ends with review questions and a guide to relevant literature. Each chapter is theoretically tainted, yet provides numerous up-to-date real-world cases.

The first part of the book (*Part I: Getting started*) describes some of the basic notions in the field of industrial organization and issues related to markets and strategies. By explaining the level, the scope and the organization of the book, the authors try to outline the major areas of the analysis in order to help the reader in comprehending the concept of the book. Some basic microeconomic terms such as firms, consumers, strategies and market power are explained as well. The second part of the book, suggestively named *Part II: Market power*, deals with the static and dynamic aspect of imperfect competition; primarily developing basic models of oligopolistic competition. By explaining the market interaction and performance between firms and consumers, it tries to assess market power and market strategies, for these are the basic concepts of the book. Dealing with Cournot's and Bertrand's oligopolistic models, it focuses on the nature of main variables, price and quantity, in the context of market power. By introducing Stackelberg's model, the book engages in the analysis of sequential quantity competition and the models of dynamic entry.

Part III: Sources of market power, as the title suggests, evaluates themes such as product differentiation, advertising and consumer inertia. Simple theoretical models and real-world cases assure that these for-

mal issues correspond to other chapters; especially since this part is conceptually related to the next part of the book. *Part IV: Pricing strategies and market segmentation* examines how firms with market power design adequate pricing strategies, i.e. it shows how to exercise market power in order to extract more consumer surplus by effectively selling at different prices to different consumers. Thereby, issues of group pricing and personalized pricing, menu pricing, bundling and intertemporal price discrimination are examined. This part of the book, though mathematically inclined, offers a concise presentation. Hence, this part could be the most interesting part to the business practitioners. *Part V: Product quality and information*, theoretically as well as empirically, through up-to-date examples evaluates the problem of asymmetric information, price and advertising signals, and strategic marketing tools. This part familiarises the reader with the concept of experience goods, asymmetric information problems, application of signaling games and the role of branding, for these tactics show how market power can be created, maintained or exercised.

Part VI: Theory of competition policy is one of the most interesting parts of the book for it returns to the theory through normative approach. It deals with collusive behaviours (price fixing) within cartels and tacit agreements, horizontal mergers and vertically related markets, as with the problem of deterred or accommodated entry within exclusionary conduct of incumbents. As authors point out, this part largely addresses competition policy issues. *Part VII: R&D and intellectual property* is concerned with activities of generating information and knowledge, thus we can speak about

themes which cover the area of innovation economics. This part of the book examines the interplay between the market structure and innovation, namely R&D, in order to assess how market structure affects the incentives for conducting R&D as well as how the monopolist's incentive to innovate may influence market structure. This part also adopts the normative perspective when it studies how intellectual property protection should be organized on behalf of its types, transferability etc. The last chapter provides an interesting discussion on digital economy; the piracy of digital products and the development of open source software.

Part VIII: Networks, standards and systems presents a continuation on the analysis of information economy which evaluates a number of issues that are specific to the demand and supply side of market with network goods, such as compatibility of products, their availability, quality differentiation etc. In that manner, Part VIII analyzes both markets and strategies for network goods in the framework of so-called "network technologies". Interesting examples and real case studies, especially with well known instant messaging software (MSN, AOL, Yahoo) can help a reader to comprehend and appreciate the topic. Finally, the last part of the book (*Part IX: Market intermediation*) evaluates market intermediation by analyzing markets with intermediated products as well as the development of reputation on such markets. Intermediaries became an important part of contemporary markets since their function, as the authors point out, of visible hand can be somewhat crucial in the market operations on behalf of competition policies, price dispersions, asymmetric information issues and internalization of network effects.

The book also consists of two short appendices. Whereas the first offers a rather simple explanation of the issues in game theory, the second demonstrates the issues in competition policy in a reasonable manner. The main and only criticism

of the book is that it does not provide a detailed evaluation of the enormous strategic possibilities that game theory offers in strategic interactions. Game theory has become one of the most intriguing parts of microeconomics, thus it is a very important subject in industrial organization. Industrial organization was in fact rejuvenated by breakthroughs in noncooperative game theory. This criticism, namely, refers to the fact that the topic of the book observes industrial organization in the perspective of markets and strategies, which is a research domain of game theory. Though the book evaluates game theory concepts in some aspect (brand proliferation game, patent race, noncooperative entry deterrence game, coordination game), its potential is not exploited enough.

Nevertheless, the book has many strengths. First, the book provides an excellent discussion on the wide range of industrial organization topics, whereas each chapter centers on the explanation of one problem. By introducing some new developments in industrial organization, it offers an alternative perspective to market power and strategies which can be of interest to the reader. Second, since the book has the form of a textbook, it is concisely written and well organized. It consists of many simple graphical presentations and detailed models with a lot of real-world cases and practical examples. It is also accompanied by a website. Therefore it can be of great use to students, researchers and business practitioners. As the authors point out, the book is designated for advanced undergraduate and master level, however, it can be used for advanced courses and PhD programs as well. Though, whoever wants to read it, will need to have an academic background in interme-

diate microeconomics or business economics.

In a nut-shell, the book "Industrial Organization: Markets and Strategies" presents an excellent textbook material which provides a solid theoretical foundation in industrial organization and applied microeconomics with real-life applications, comprehensively exploring relevant issues in imperfect market structures, sources of market power and strategic decision-making within the private and social framework. The virtue of the book lies in the authors' capability to make accessible, sometimes very complicated issues and models in industrial organization, to a wider audience. Thus, this book deserves a place in the library of every economist who wants to understand strategic behaviour within distinct market possibilities.

Daniel Tomić

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**HRVATSKO-
-CRNOGORSKI DODIRI /
CRNOGORSKO-
-HRVATSKI DODIRI:
Identitet povijesne i
kulturene baštine
Crnogorskog primorja**

Lovorka Čoralić (uredila)

Zagreb, Hrvatski institut za povijest, Matica hrvatska, 2009., 852 str.

Zbornik radova "Hrvatsko-crnogorski dodiri / crnogorsko-hrvatski dodiri: identitet povijesne i kulturne baštine Crnogorskog primorja" nastao je objavljivanjem radova predstavljenih na međunarodnom znanstvenom skupu pod naslovom *Hrvatsko-crnogorski dodiri / crnogorsko-hrvatski dodiri: identitet povijesne i kulturne baštine Crnogorskog primorja*. Na skupu što su ga organi-