

KEEPING UP WITH CONSUMERS:
UNDERSTANDING THE POLICY IMPLICATIONS OF A CHANGING LANDSCAPE
JANUARY 28-30 JANVIER 2015 • CHÂTEAU LAURIER • OTTAWA

ÉVOLUER AU MÊME RYTHME QUE LES CONSOMMATEURS :
COMPRENDRE LES EFFETS D'UN ENVIRONNEMENT EN ÉVOLUTION SUR LES POLITIQUES

Innovation and Consolidation: Chicken or Egg?

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This research poster explores the effect of rate of innovation on market structure. Economic literature, including Schumpeter's "Small is Beautiful", has considered the effect of market structure on rate of innovation. Notably, the effect of rate of innovation on market structure has remained largely unexplored. This study, motivated by Canola variety development, uses a theoretical model and numerical simulations to shed a light on this latter issue. The results suggest that rate of innovation can influence the level of consolidation. While not rejecting the existence of an effect of market structure on rate of innovation this additional direction of causality creates the possibility of endogeneity that may need to be considered in the empirical studies estimating the effect of consolidation level on rate of innovation.