

# **MARKET INSTITUTIONS: AN EXPOSITORY ESSAY**

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## **Abstract**

This essay provides an elementary, unified introduction to the models of market institutions that go beyond the competitive model of price-taking behavior on both sides of the market. Several models of market institutions that govern price determination are explored and compared, including contracting, posted prices, bilateral bargaining, middlemen, and auctions. While equilibrium models still do not capture the full possibilities for market behavior, modeling specific market institutions reduces the level of abstraction inherent in the standard competitive model.

**Keywords:** market, institution, price, equilibrium, behavior, model