

# Market Size, Strategic Location Decision, and Social Welfare \*

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July 31, 2006

## Abstract

We examine whether firm's location choice is efficient for viewpoint of social welfare when there exist a fixed number of firms, each of which enters either large size market or small size one. We establish: location in large markets is excessive from viewpoint of both the social surplus and producer surplus, while it is insufficient from consumer surplus.

*Keywords:* Location Choice, Market Size Difference, Cournot Oligopoly, Location Inefficiencies

*JEL Classification Numbers:* F21; L11; L13; R12

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\*This version was presented in COE workshops at Kyoto University (July, 2006). We thank Tatsuya Kikutani, Motonari Kurasawa, Keizo Mizuno, Sei-ichi Mun, Tatsuhiko Nariu, Daisuke Shimizu for helpful comments and suggestions. All remaining errors are in ours.

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