Corrigendum to “Cost Pass-through and Inverse Demand Curvature in Vertical Relationships with Upstream and Downstream Competition”

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Professor Yoshihito Yasaki of Kogakuin University in Tokyo notified us on January 14, 2016, that Adachi and Ebina (2014) contained an error in Equation (6). It should be

\[
\frac{[p^*]'(c)}{[w^*]'(c)} = \frac{m}{m + 1 - \sigma^*}
\]

instead of

\[
\frac{[p^*]'(c)}{[w^*]'(c)} = \frac{n^2}{m(m + 1 - \sigma^*)}.
\]

Hence, the sentence, “In particular, as the number of manufacturers increases,...” in the paragraph after the proof of Proposition 1, should be read as “In particular, as the number of manufacturers increases, the retail markup (relative to wholesale markup) increases linearly, whereas the retail pass-through (relative to wholesale pass-through) remains the same.” This error does not change any other results or arguments in the rest of the paper. We thank Professor Yasaki for letting us know the error.

Reference