

**TECHNOLOGICAL VARIETY AND COMPETITION:
ISSUES OF DIFFUSION AND INTERVENTION**

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Recent work in the area of competing technologies has stressed the result that when several technologies compete for the same niche in the market, under a wide variety of circumstances, all but one of the technologies will be driven from the market place. Further, it need not be the best technology which remains. This paper argues that there is a place for intervention when technologies are being chosen or standards are being set. Intervention in the market can optimally balance the tradeoff between the desire for immediate payoffs and the desire for more information about different technologies—it can raise the expected present value of the adoption process. It remains the case, however, that even with optimal intervention, the market will lock in to a single technology, and not necessarily the superior one. The paper discusses these results with reference to technological changes in high tech and information technology

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