

### **Abstract**

Mukherjee (2012) shows that entry is socially insufficient when entrants are rather minor in a Stackelberg model. The insufficiency results from the business-creation effect; that is, the entrants of minor firms enhance the output of a major leader. In this paper, we consider more than one Stackelberg leader and find that the existence of multiple leaders encourages insufficient entry because the business-creation effect increases. Moreover, we show that paradoxically, the more firms present, the more insufficiency of entry we have under a constant marginal cost when the number of leaders is past a certain level.