

Second Exam

Write all answers in your blue book and show all work there. Return your exam in your blue book.

16 pts.

1) Compare the major one-period oligopoly models. Compare the equilibrium quantities in terms of competitiveness. Briefly describe the basic assumptions of each model and how they lead to the differing outcomes.

16 pts.

2) Compare one-period games to multiperiod games. How can the length of the game affect the competitiveness of the equilibrium? Consider what's happened in your simulation industry so far in terms of what you expect from a multiperiod game.

17 pts..

3) It is possible to argue that the free entry presumed in monopolistically competitive markets, leads to too many firms. Make this argument and make the counter argument that additional firms can be efficient.

17 pts.

4) Are spatial markets more competitive if market areas overlap or if they don't. Explain and use diagram to illustrate markets that don't overlap. What factors determine if they overlap or not?

17 pts.

5) a) Traditional SCP studies sought to show a relationship between two variables. What were they and what cause did economists have to think that there was such a relationship?
b) The traditional approach is seldom taken anymore. Explain why.

17 pts

6) Draw a well-labeled diagram to show a type of price discrimination of your choice. Say what type it is and why it works the way that you show it. Give an example that applies to your model.

I have neither given nor received unfair aid on this test nor am I aware of anyone else who has.
