

## Problems – Chapter 6: Market Structure

For Thursday, October 12: During the first 45 minutes of the class we will divide the class up into teams and play Oligop. You will have a chance to set the price of your product in order to maximize your profits. I want to see how well this class does in comparison with other classes I have taught at Wesleyan, at the Yale School of Management and at Carnegie Mellon. Please read before class the brief description of the game at

<http://mlovell.web.wesleyan.edu/EconCalc/oligop.pdf>

Reading Assignment: Chapter 6 (Section 6.5 is optional).

**Errata:** page 268 and 269: in equation (33) and in the equation under Table 6.2, replace “100(” at the beginning of the numerator with “10(”

### Exercises:

Question 1, page 291 but with the total cost function  $C = 16 + 4q + q^2$

Question 2, page 292 Hint: Proof is similar to that for the “fundamental proposition” on pages 205-206.

Question 3a, 3b

Questions 5

Questions 6 but replace the sentence “After the newly ...to 25.” with the statement: “There are 100 firms in the industry.”

Honors Option: Questions 8 and 9\*, page 294 and question 11#, page 234

**Note: You may find it helpful to consult Worksheet 6.2 and 6.4 of the Excel file ProblemSpreadsheet.xls. Click on the following link and then select Excel spreadsheets and graphs. Select Open with Excel; then don't use the update option:**

<http://mlovell.web.wesleyan.edu/E110/E110Handouts.html>