Assignment 4
Due in tutorials in the week of November 17th.

Question 1. There are several ways in which a price searching firm determines the profit maximizing output and price: ordinary monopoly pricing, perfect price discrimination, ordinary price discrimination, and two part pricing. Which of the above pricing strategies result in efficient output and which pricing strategies will bring about inefficiency? For full marks:
(i) define what is efficient output;
(ii) for each pricing strategy shortly describe the 'rule' by which the firm determines output and price and comment whether this rule will result in efficient output;
(iii) support your explanations with diagrams, for each pricing strategy show the efficient output and the output that the monopoly will produce. *(7 points)*

Review Question 6 from Ch. 13. For full marks your explanations should include short explanation of how the all-or-nothing demand curve is derived and should use a diagram with clearly marked areas that represent consumer's surplus. You can use problem 18 as a numerical example to demonstrate your explanations. *(3 points)*

Problems 10 and 12 from Ch. 13 of the required textbook. *(5 points each)*