

## ECON4820 – Strategic Competition – Spring 2016

### Instructions to grader:

Formal discussions that are also correct should receive high grades. But also intuitive discussions getting out the main mechanisms should have merit. Here are, for each statement, short assessments as well references to the course's required text.

- a. Essentially true. Tirole secs 5.2.1 and 5.3. (The question does not ask for the Cournot equilibrium, so most of the answer can be found in sec 5.2.1.)
- b. This all depends. Many would say it is false, based on the treatment in the textbook, but that assessment hinges on some conditions. Tirole, sec 7.1.1.
- c. Essentially true. Tirole, sec 6.3.1.
- d. Essentially true. Tirole, secs 6.3.3 and 6.7.1.1. (This question is hard, so also good verbal discussions, based on sec 6.3.3, can get top grades.)
- e. This all depends. Tirole, sec. 10.1.
- f. Under some standard assumptions, this is true. Klemperer.