Problem Set #11
Price Discrimination

Tutorial Problems

1. All of the following are examples of price discrimination *except:*
   A. discounts for senior citizens at the movies.
   B. discounts for families with young children at motels.
   C. generally lower prices at Walmart than at Target.
   D. cheaper air fares if the traveler stays over a Saturday.
   E. All of the above are examples of price discrimination.

2. If a monopolist can engage in perfect price discrimination, then:
   A. it produces at the socially efficient level.
   B. consumer surplus is maximized.
   C. producer surplus is minimized.
   D. the government may impose fines on the monopolist.
   E. None of the above.

3. BrandtCo has the US and Canadian monopolies for Special Edition ECO101 Hoodies. Assume over all relevant prices, demand is more elastic in the US. Consumers in _____ prefer that BrandtCo engages in third-degree price discrimination, consumers in _____ prefer that BrandtCo does not