Three Discrimination Problems

Joe’s Barber Shop

- Joe's Barber Shop is located in a quiet Cleveland Suburb. Joe’s customers either
  - Work in downtown Cleveland and home mainly on the weekends, or are
  - Residents of Happy Days Retirement Home.

<table>
<thead>
<tr>
<th></th>
<th>Weekdays</th>
<th>Saturday</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commuters</td>
<td>$8</td>
<td>$15</td>
</tr>
<tr>
<td>Denizens of Happy Days</td>
<td>$6</td>
<td>$6</td>
</tr>
</tbody>
</table>

What price should Joe charge weekdays? Saturday?

Ethyl’s Bar and Grill

- Ethyl’s Bar and Grill has two types of customers. Their demand functions for drinks are
  \[ Q = 12 - 2p \]
  and
  \[ Q = 24 - 3p. \]
- While Ethyl cannot tell the two types apart, she can prevent arbitrage.
- Devise a pricing system (MC = 0).
Fred’s House of Pancakes

• Fred has pancake houses in Seattle and Youngstown, Ohio. The demand functions for pancakes are
  
  **Seattle**
  \[ Q = 100 - 10P \]
  
  **Youngstown**
  \[ Q = 80 - 20P \]

• MC = 0.

• What price should Fred charge if the Uniform Pancake Pricing Act (UPPA) becomes law?

• What prices should Fred charge otherwise?

End

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