

Three Discrimination Problems



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- Joe's Barber Shop
- Ethyl's Bar and Grill
- Fred's House of Pancakes

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.

Joe's Barber Shop

	Weekdays	Saturday
Commuters	\$8	\$15
Denizens of Happy Days	\$6	\$6

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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

$$Q = 80 - 20P$$

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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