

Homework 6

Instructions

Upload this homework into the homework vaults in the IS no later than on 7/5 at 23.59. The homework submitted after this date can be evaluated only if you have an excuse in the IS for at least 3 working days in the week between the given lectures and seminars (from these five: Wed, Thu, Fri, Mon, Tue) and the teacher has given you an alternative date when you submit your homework. We expect that you write the homework on your own. Should your answers resemble with the answers in someone else's homework, we might deduct points from your score. We appreciate the effort and thorough thinking (whether your answers make sense, whether you have supported all your claims by careful argumentation, whether your answers are informed by data). Try to formulate ideas as concisely as possible. Certainly do not add any "dummy text" just in order to get closer to the maximum extent. The final document can be inserted into the System in all standard formats (doc, docx, odt, pdf, ...). Print your homework and take it to the seminar on 8/5. Title the document Homework 6 (your name and surname will be added to the name of the document automatically).

Task 1 (6 points, maximum 800 words)

Read the paper by Sass (2005) (see the study materials). Answer the following questions:

1. Why do the firms use exclusive dealing agreements? Explain briefly three theories that are discussed in the paper. (1 point)
2. Describe the industry investigated in the paper. What industry is usually investigated in order to find the effects of exclusive dealing? (1 point)
3. What is the effect of exclusive dealing on prices and output? What are the implications of these results for the validity of the three theories? (2 points)
4. What is the effect of exclusive dealing on competition? What is the implication of the result for the validity of the three theories? (2 points)