

MERGER ANTITRUST LAW

LAWJ/G-1469-05
Georgetown University Law Center
Fall 2018

Tuesdays and Thursdays, 3:30-4:55 pm
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CLASS 11 WRITTEN ASSIGNMENT

Instructions

Submit by email by 3:30 pm on Tuesday, October 2
Send to dale.collins@shearman.com
Subject line: Merger Antitrust Law: Assignment for Class 11

Assignment

Calls for short answers. If you want to use math or graphs in your answers, please feel free to write your answers using a pencil and paper (rather than a computer). Attach either a scan or a photograph to your email.

Assume the following:

1. The firm's residual demand curve is linear
2. The firm has no fixed costs and constant marginal costs
3. The firm's control variable is quantity (i.e., we are assuming Cournot behavior)

Questions:

1. Explain the concept of a demand curve. Why is it downward sloping?
2. Explain the concept of marginal revenue and how it relates to gross revenue gains and losses associated with incremental sales.
3. Explain the concepts of total cost and marginal cost.
4. Explain why the firm maximizes profit when marginal revenue equals marginal cost.
5. Explain what the firm should do and why if it finds that marginal revenue is greater than its marginal cost at current production (say because of a shift in demand).

If you have any questions, send me an e-mail. See you in class. Dale