

The last one!

Place your name on the back of this sheet of paper and nowhere else. Staple your answers on the front of this sheet of paper. Failure to follow these directions will cost you 1 point. Your assignment will be typed, except graphs can be drawn by hand and mathematical equations can be done by hand. Failure to type it will cost you 10 points. If you use double-sided printing or print on the back of scrap paper, I will give you one additional point.

Econ Club meets Thursdays at 11:00 in Morlan 103. You need not be a major in the department to attend. Attendance can help you with networking. That will help you meet upper-class students who can help you with courses and maybe with a job later.

- 1) (20 points) Explain the *Capture Hypothesis*. Explain how Barak Obama is acting to try to prevent that from happening in his administration.
- 2) (10 points) The costs of regulations such as higher CAFE standards (regulates the average MPG of the cars made by a car manufacturer) are not just the costs of developing more fuel efficient cars and the cost of the government measuring the MPG. What other costs are there? Explain your logic.
- 3) (10 points) Why are public transportation systems exempted from the Sherman Antitrust Act?
- 4) (25 points) The book says that a firm is a monopoly if their share of the market is at least 70%. Explain why that may be hard to determine. Use two examples in your explanation.
- 5) (15 points) Given the description in the book on page 723, do you think Adobe and Microsoft are violating the Clayton Act with respect to *product versioning*? Explain your logic.
- 6) (20 points) What is meant by *asymmetric information*? Why is that a reason for government regulation?