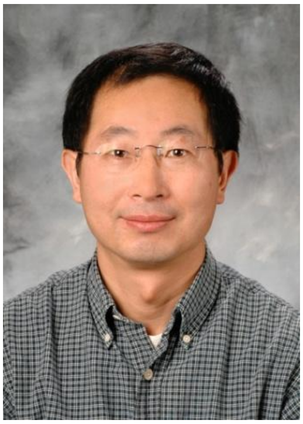
Lingnan University 嶺南大學
The Liberal Arts University in Hong Kong 香港的博雅大學

Department of Economics MSc in International Banking and Finance Programme Seminar



"Why Limiting Price or Supply?" (in English)

Professor Cheng-zhong Qin
Professor of Economics Department
University of California, Santa Barbara

Abstract

This paper analyzes the role of seller-induced shortage as a signal of quality. Unlike dissipative advertisement, the cost of inducing shortage is different for different quality types. It is shown that for a monopoly firm of a new indivisible product, signaling quality by properly setting price and limiting supply is more profitable for the high-quality firm than using the price and dissipative advertising under some general conditions. The result provides a rationale for why high quality product monopolies may prefer to initially lower price and limit supply.

Date:	9 December 2011 (Friday)
Time:	4:15pm – 5:45pm
Venue:	SO322, Dorothy Y. L. Wong Building

Biography

Professor Qin received a BS degree in mathematics from Nankai University in 1983 and a PhD degree in Economics from University of Iowa in 1989. His research lies in the areas of game theory, general equilibrium theory, and industrial organization. He have worked as assistant professor in 1990-1996, associate professor in 1996-2002, and professor from 2002 to present at University of California at Santa Barbara.

ALL ARE WELCOME
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