Lecture 7 (Quirino Paris – University of California, Davis)

Spatial Equilibrium, Behavioral Hypotheses, and Calibrating Models.

Lecture topics
This lecture will discuss trade under a series of behavioral hypotheses using imprecise information.

In particular, five combinations of behavioral rules will be presented:

1. Perfect competition of the production and consumption markets.
2. Cartel: perfect competition on the production market and cartel (monopoly) behavior on the export consumption market.
3. Cartel: Monopsony on the production market and monopoly on the export/consumption market.
4. Nash-Cournot: perfect competition on the production market and oligopoly on the export/consumption market.
5. Nash-Cournot: oligopsony on the production market and oligopoly on the export/consumption market.

Readings