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

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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.

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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.