

IO2 PS2: Bresnahan and Reiss (1991)

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Problem 1 :

Reproduce the results for the tire dealers reported in Table 4 of the paper. Note that Bresnahan and Reiss (1991) estimate the model imposing the constraints $\alpha_n \geq 0$ and $\gamma_n \geq 0$. You should impose the same constraints.

Reproducing Figure 2 to get to know the data

```
# Reading Data
data = as.data.table(read.csv("ps2.csv"))

figure2 = ggplot(data, aes(x = TPOP)) + geom_bar() +
  xlab("Town Population (thousands)") +
  ylab("Number of Towns")
figure2
```

