## Problems

35.

Use [Table 11.5](#Table_11_03) to calculate the four-firm concentration ratio for the U.S. auto market. Does this indicate a concentrated market or not?

|  |  |
| --- | --- |
| GM | 19% |
| Ford | 17% |
| Toyota | 14% |
| Chrysler | 11% |

Table 11.5 Global Auto Manufacturers with Top Four U.S. Market Share, June 2013 (Source: http://www.zacks.com/commentary/27690/auto-industry-stock-outlook-june-2013)

36.

Use [Table 11.5](#Table_11_03) and [Table 11.6](#Table_11_04) to calculate the Herfindahl-Hirschman Index for the U.S. auto market. Would the FTC approve a merger between GM and Ford?

|  |  |
| --- | --- |
| Honda | 10% |
| Nissan | 7% |
| Hyundai | 5% |
| Kia | 4% |
| Subaru | 3% |
| Volkswagen | 3% |

Table 11.6 Global Auto Manufacturers with additional U.S. Market Share, June 2013 (Source: http://www.zacks.com/commentary/27690/auto-industry-stock-outlook-june-2013)

Use [Table 11.4](http://openstax.org/books/principles-microeconomics-3e/pages/11-self-check-questions#Table_11_06) to answer the following questions.

37.

If the transit system were allowed to operate as an unregulated monopoly, what output would it supply and what price would it charge?

38.

If the transit system were regulated to operate with no subsidy (i.e., at zero economic profit), what approximate output would it supply and what approximate price would it charge?

39.

If the transit system were regulated to provide the most allocatively efficient quantity of output, what output would it supply and what price would it charge? What subsidy would be necessary to ensure this efficient provision of transit services?