

## 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

- Paris, Q., S. Drogué and G. Anania (2010) Calibrating Spatial Models of Trade, Economic Modelling 28:2509-2516.