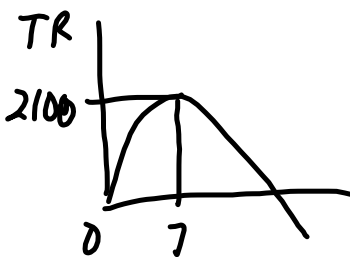


Q8 p325 (Monopoly) FC 2000 MC = 0 ^{given}

<u>P</u>	<u>Q_A</u>	TR _A	MR _A	<u>Q_C</u>	TR _C	MR _C	TR _{A+C}
10	0	0	0	0	0	0	0
9	100	900	900	0	0	0	900
8	200	1600	700	0	0	0	1600
*7	300	2100	500	0	0	0	2100
6	400	1800	-300	0	0	0	1800
5	500	1500	-300	100	500	500	2000
4	600	1200	0	200	800	300	2000
3	700	900	-300	300	600	-200	1500
0	300	0	0	200	0	0	0

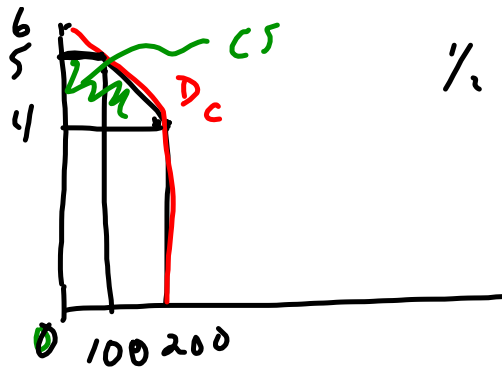


$P_A = 7 \quad 2100$

$P_C = 4 \quad 800$

No discrim. →
 $P = 7 \quad 300 \quad A \quad 12100$
 $\pi = 100$

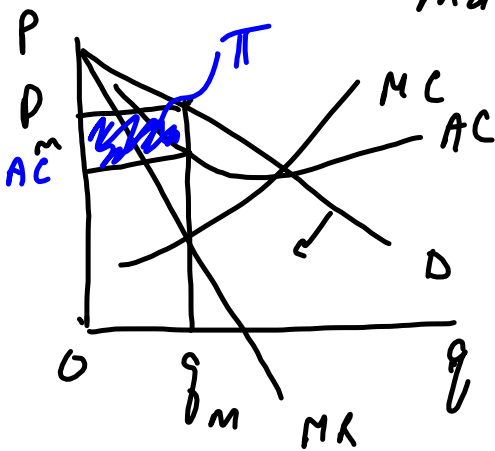
$TR = 2900 \rightarrow \pi = 900$



$$\frac{1}{2} \cdot 200 \cdot 2 = 200 CS_c$$

Losers - movie theater
Children market

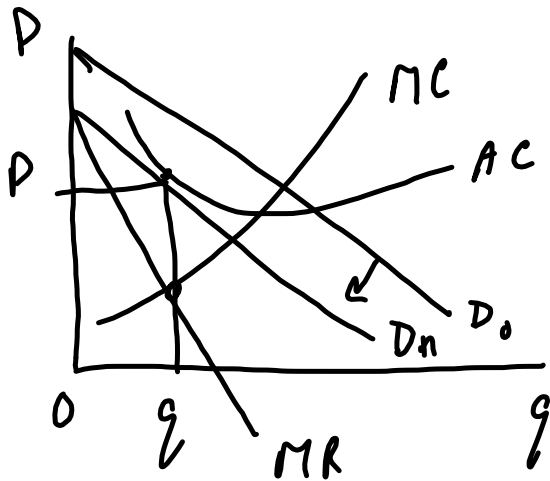
Q 10 p 346 - Brandname \rightarrow many (several) } Monopolistically comp.



$MC = MR$ to max π
 $\pi > 0$ $P > AC$
 $\pi > 0$ mm

Slide enters industry to capture π
 $D \downarrow$ market share \downarrow

Long run \rightarrow



sleek
 $P = AC \rightarrow \pi = 0$
 entry \rightarrow market share \downarrow
 so $P \downarrow$ until $P = AC$

Advertise - Brand name - private incentive to advertise

- externality to industry $D \uparrow$

declining industry - shrinking market
 - sharing shrinking market

Q 8 p368 - rank order tournament

- performance enhancing drug
- negative side effects

first place large prize
second place small prize.

Nash Equilibrium

	A1	T	NT
A2			
T		*	
		5000-X, 5000-X	10000-X, 0
NT		0, 10000-X	5000, 5000

Expected payoff
 $= (P_w \cdot \text{Prize}) + (1 - P_w \cdot 0)$

x - cost of adverse effects

Drug → cheating

Win - 10,000

Lose 0

$X < 5000$

Drug safer $X \downarrow$

