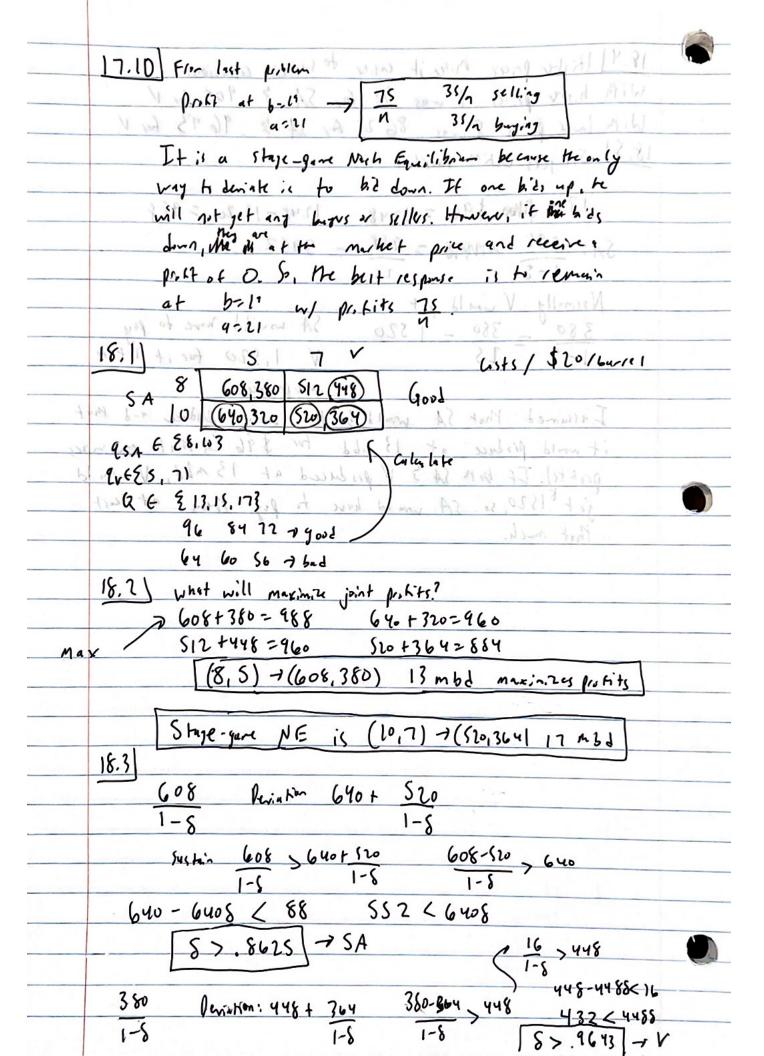


\$ amounts yearly profit pt dealer \$1500
Yearly profit \$ 30000 dily \$ 120 17.7 total annual profits \$30000 + 30000 8' + 30000 824 ... $\frac{$30,000}{n}\left(\frac{1-8^{+1}}{1-8}\right) = \frac{$30,000}{n}\left(\frac{1-.99^{+1}}{.01}\right)$ or non-dollar 240000 (1-, 99 th) pr-deak w-16 be 17.8 Every broke has a best response to deniate from the ullusive price. It it is at b= 16 and 4= 24, one deale could charge at b-17 and a=23 and take all the market. Therefore, designan ? always a best response. So. dealer would bid each other down until they get to the market porce p=20, like in the Bertrand pice model. 17:9 1A 045 = BOI 0= OHT BZ - BZ-001 Collumba pegoff: 160 Penakin: [5(17)-60] 120-min = 75 pro Kit = 150 n(1-8) [140-8(23)] (23-20) = 75 Surfain Collusion $\frac{160}{n(1-8)} > 150 - \frac{160}{150} > 160$ when 1:20 16 > 20-208 5> . 946 6 Husion: 160 Periodin: 150 + [5(19)-60] (1) = 35 prok' = 75 Sultain Glassin 160 >150 + 75/2 8 11-8 160-1358 > 150 160-758 > 1509 - 15080 1(1-8) 160-180n > -1808n +788 - 160+150n < 8(150n-71) 8> -160+150n 150n -75 when 1=2 | 87 6.971 | - also a SPNE profite ul deriain: 150 + 75/28 Profits of Gillusion: 160



18.4] Higher fried Mulle it copies to sustain allusion. With higher pries 8 was 1/3 for SA 3.905 for V. With law prices 8 mas. 86 25 6, 54 3. 96 93 for V. 18,5] SA jets entire michet 13 × Moa \$96 = 1248 1248-13.20 = 988 SA: 988 MANGUES - 988 - 3952 - may 1 - 8+ 1: suggest 25130 of 12 0 10 12 19 Normally V would get

380 - 380 - 1520 SA would have to pay

1-8 - 15 V 1,520 for it not to 8 Co. Der produce of 8 I assumed that SA would be the only produce and that it would produce at 13 mbd for \$96 Cop that maximizes protect. If both SA 3 V produced at 13 mbd, V would get \$1520, so SA would have to pry Hem at least that much. by loo Sb 7 bad 18.27 what will maximize joint publis? 2 608+380=188 , 64°+350=480 [18,5) -1 (608,380) 13 mbd maximzes posts