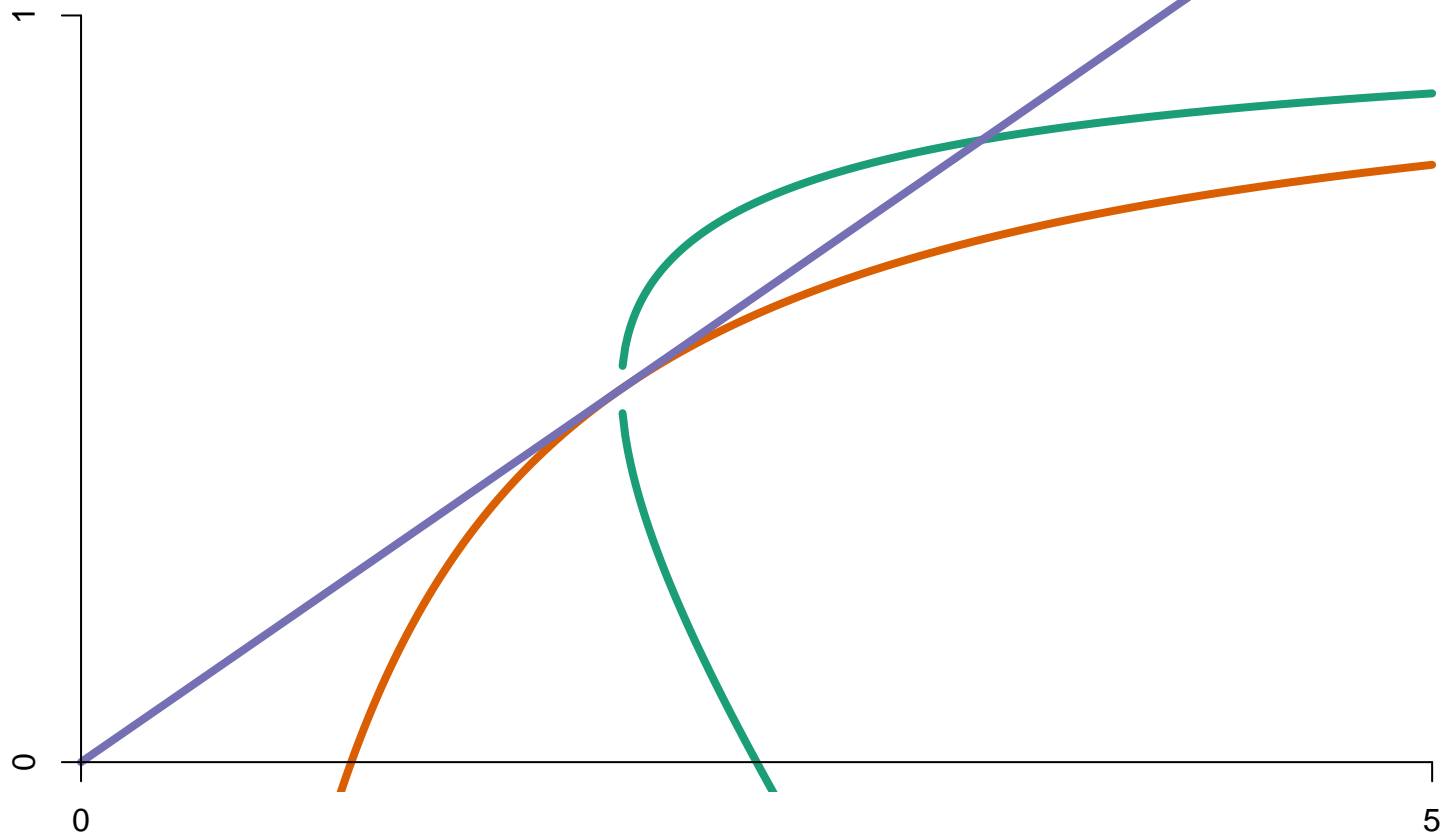


Quality,  $q$



Price,  $p$

- Agent's Indifference Curve:  $v = v^*$
- Agent's Best Response:  $q = 1 - (2 \cdot \delta / p)$
- Solow Condition:  $q = p^* (\delta / 2)$