

3.

$$(A) MR_A = 100 - 2q_A$$

$$MR_B = 80 - 2q_B$$

$$MC = 20$$

$$\pi = 60 \times 40 + 50 \times 30 - 20(40 + 30) \\ = 2500 = PS$$

$$TS = 1250 + 2500 = 3750$$

$$CS = CS_A + CS_B = 800 + 450 = 1250$$

(B)

$$Q = q_A + q_B = 180 - 2P$$

$$\pi = 2450$$

$$\begin{cases} P = 100 - q_A & \pi = TR - TC \\ P = 80 - q_B & = 190 - 0.5Q - 2Q \end{cases}$$

$$CS_A = 10125$$

$$CS_B = 8125$$

$$Q = 120 \quad P = 55$$

(c)

$$\pi = 2F + (P - 20)(q_A + q_B)$$

$$CS = CS_A + CS_B - 2F$$

$$= -P^2 + 60P + 2500$$

$$= 1200$$

$$P = 50 \quad F = 1250 \quad Q = 120 \quad \pi = 3750$$