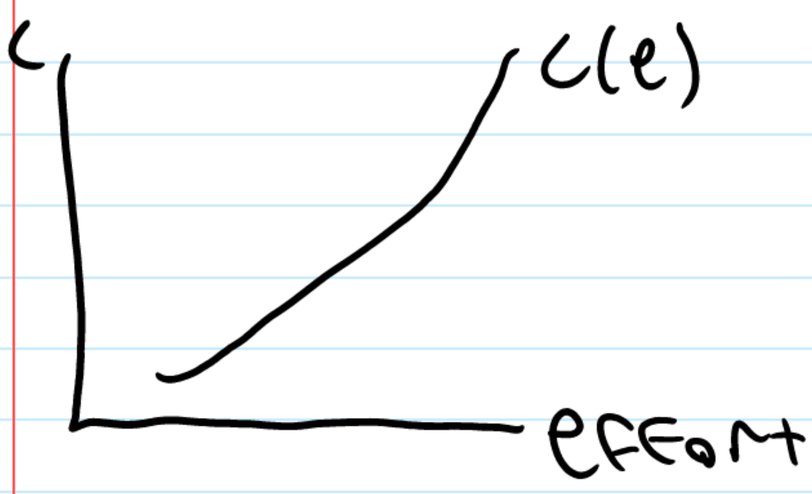
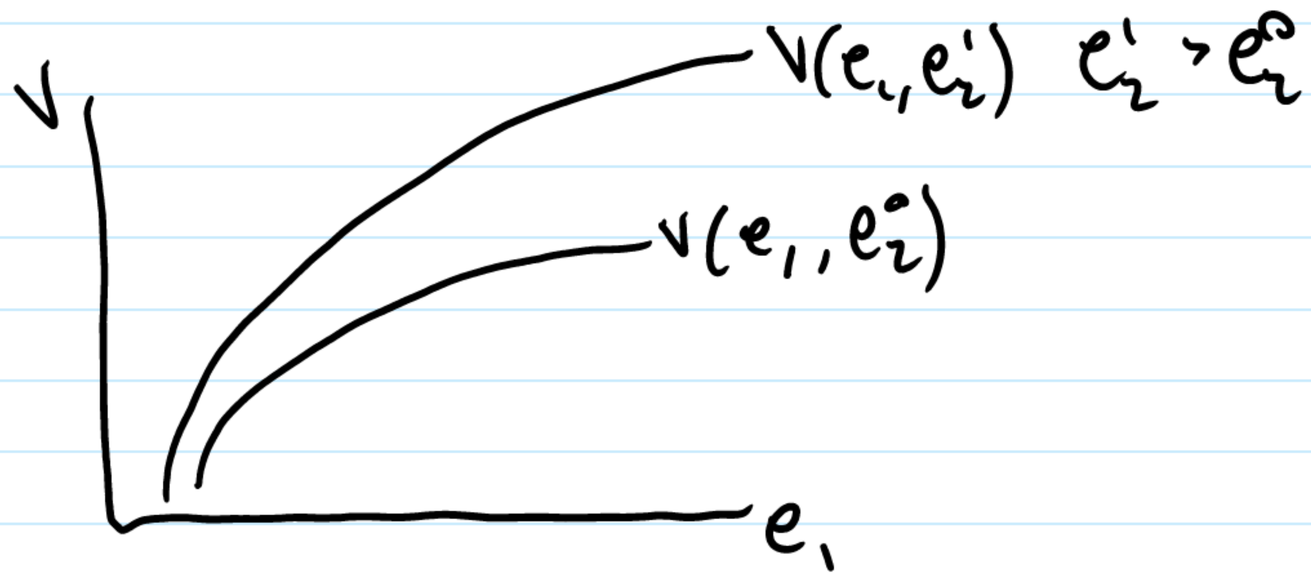
8.9 Joint Production and the Theory of the Firm

Saturday, September 19, 2020 3:08 PM





$V(e_1,e_2) - C_1(e_1) - C_2(e_2)$

$dV/de_1 - dC_1/de_1 = 0$

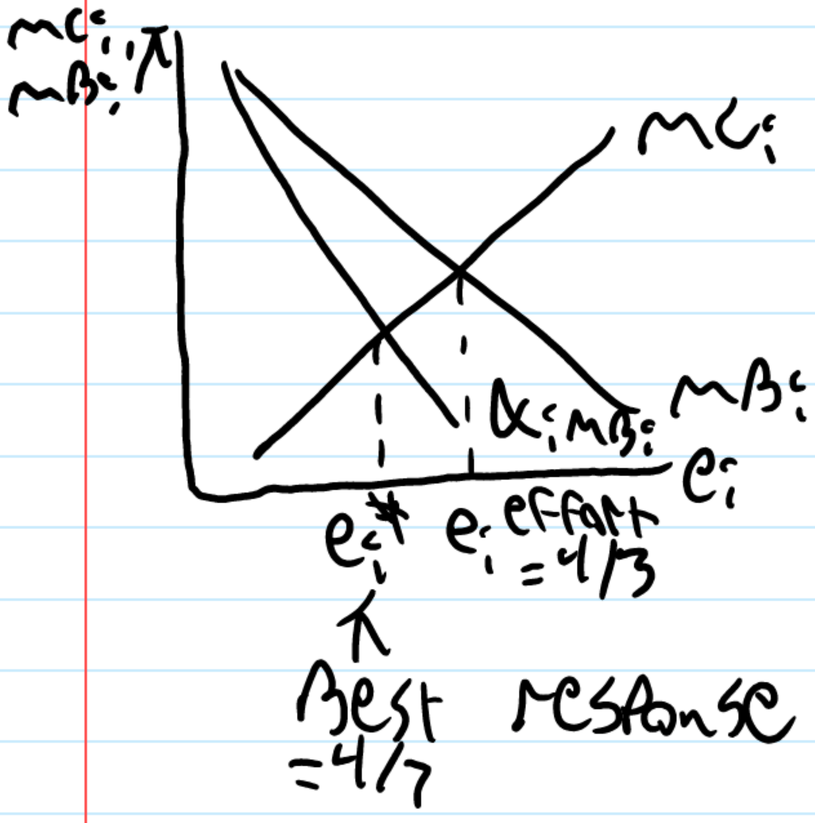
$MB_1 = MC_1$

$MB_2 = MC_2$

$\alpha_i V(e_i, e_{-i}) - C_i(e_i)$

$d\pi/dC_i = \alpha_i dV/de_i - dC/de_i = 0$

$\alpha_i MB_i = MC_i \rightarrow \alpha < 1$



Best response $= 4/7$

Residual Claimant