

## 15.2 Homogeneous Product Markets 2

Friday, March 26, 2021 3:14 PM

Quantity competition (Cournot) competition

$$\Pi = (1 - q_1 + q_2)q_1 - (.01 + .005)q_1 - .05$$

$$\frac{\partial \Pi}{\partial q_1} = (1 - q_2) - 2q_1$$

$$2q_1 = (1 - .015) - q_2/2 \quad \Rightarrow q_1 = .4925 - \frac{1}{4}q_2$$

$$R_1(q_2) = .4925 - \frac{1}{4}q_2$$

