

Week 4

$$\begin{aligned}
 3. \quad & \text{A. } MR_A = MC = 100 - 2q_A = 20 \Rightarrow q_A = 40, p_A = 60. \\
 & MR_B = MC = 80 - q_B = 20 \Rightarrow q_B = 30, p_B = 50, \\
 & \pi = 60 \times 40 + 50 \times 30 - 2(40 + 30) = 2560 = \pi_S \\
 & CS = CS_A + CS_B = 800 + 450 = 1250. \\
 & TS = CS + \pi_S = 3750.
 \end{aligned}$$

$$\begin{aligned}
 & (b) \quad p = 100 - q, q \leq 20, \quad \text{or} \quad MR_1 = 100 - 2q, q \leq 20. \\
 & \quad \quad p = 90 - 0.5q, q > 20, \quad \text{or} \quad MR_2 = 90 - q, q > 20.
 \end{aligned}$$

$$\begin{aligned}
 & MR_1 = MC \Rightarrow \begin{cases} q_1 = 40 \text{ (not)} \\ q_2 = 70 \text{ (yes)}, p = 55 \end{cases}
 \end{aligned}$$

$$\pi = 55 \times 70 - 20 \times 70 = 2450 = \pi_S$$

$$CS = CS_A + CS_B = 1325, \quad TS = 1325$$

$$(c) \quad F = (180 - p) \times \frac{q}{2} = \frac{(180 - p)(180 - p)}{2}$$

$$\pi = -p^2 + 160p + 2800$$

$$\Rightarrow p = 30, F = 1250, q = 120, \pi = 3700$$

$$CS = 2450 + 1250 = 3700$$

$$TS = 1200 + 3700 = 4900$$