

In Class Work #5

June 12, 2018



Lets say that there is 2 firms: Left Twix and Right Twix. Although they claim it is different they both produce an identical chocolate cookie candy. Consumer are aware of the perfect substitutability of their products so the inverse demand curve is defined by: $P = 100 - 2Q$ where $Q = q_l + q_r$ Total number of cookie sticks packages. $MC_L = MC_R = 20$

We now want to examine all three types of competition that could be exhibited. In each scenario find the Total output, Market Price, industry profit :

- Group 1: Collusion & Bertrand
- Group 2: Cournot
- Group 3: Stackelberg