

**1. Monopoly**

$$q = 1/2 * (a-c)/b$$

$$\text{Firm 1} = \text{Firm 2} = 1/4 (a-c)/b$$

**(two firms = perfect collusion)**

$$p = (a+c)/2$$

$$\pi = 1/4 (a-c)^2/b$$

$$\text{Firm 1} = \text{Firm 2} = 1/8 (a-c)^2/b$$

$$CS = 1/8 (a-c)^2/b$$

(lets us calculate total surplus  $CS + PS = \pi + CS$ )

$$\text{Total} = 3/8 (a-c)^2/b$$

$$\text{DWL} = 1/8 (a-c)^2/b$$

**2. Cournot**

$$q = 2/3 (a-c)/b \text{ total}$$

$$\text{Firm 1} = \text{Firm 2} = 1/3 (a-c)/b$$

$$p = (2c + a)/3$$

$$\pi = 2/9 (a-c)^2/b \text{ total}$$

$$\text{Firm 1} = \text{Firm 2} = 1/9 (a-c)^2/b$$

$$CS = 2/9 (a-c)^2/b$$

$$\text{Total} = 4/9 (a-c)^2/b$$

$$\text{DWL} = 1/18 (a-c)^2/b$$

**3. Stackelberg**

$$q = 3/4 (a-c)/b$$

$$\text{Firm 1} = 1/2 (a-c)/b$$

$$\text{Firm 2} = 1/4 (a-c)/b$$

$$p = (3c + a)/4$$

$$\pi = 3/16 (a-c)^2/b$$

$$\text{Firm 1} = 1/8 (a-c)^2/b$$

$$\text{Firm 2} = 1/16 (a-c)^2/b$$

$$CS = 9/32 (a-c)^2/b$$

$$\text{Total} = 15/32 (a-c)^2/b$$

$$\text{DWL} = 1/32 (a-c)^2/b$$

**4. Bertrand**

(same as  
perfect  
competition)

$$q = (a-c)/b$$

$$\text{Firm 1} = \text{Firm 2} = 1/2 (a-c)/b$$

$$p = c$$

$$\pi = 0$$

$$\text{Firm 1} = \text{Firm 2} = 0$$

$$CS = 1/2 (a-c)^2/b$$

$$\text{Total} = 1/2 (a-c)^2/b$$

$$\text{DWL} = 0$$