

ASSIGNMENT

1. In a homogeneous products duopoly market explain how the equilibrium production level is established if there is one quantity leader firm and the other firm acts as the quantity follower?
2. In a homogeneous products duopoly market explain how the equilibrium price level is established if there is one price leader firm and the other firm act as the price-taking firm?
3. Using a diagram explain how the equilibrium quantities and corresponding price are determined in Cournot model? Assuming that each firm has zero fixed costs, how much profits each firm will earn when equilibrium level of production is established?
4. What is collusive oligopoly and how does it work in the determination of price and output by the firms?