

If (profit):

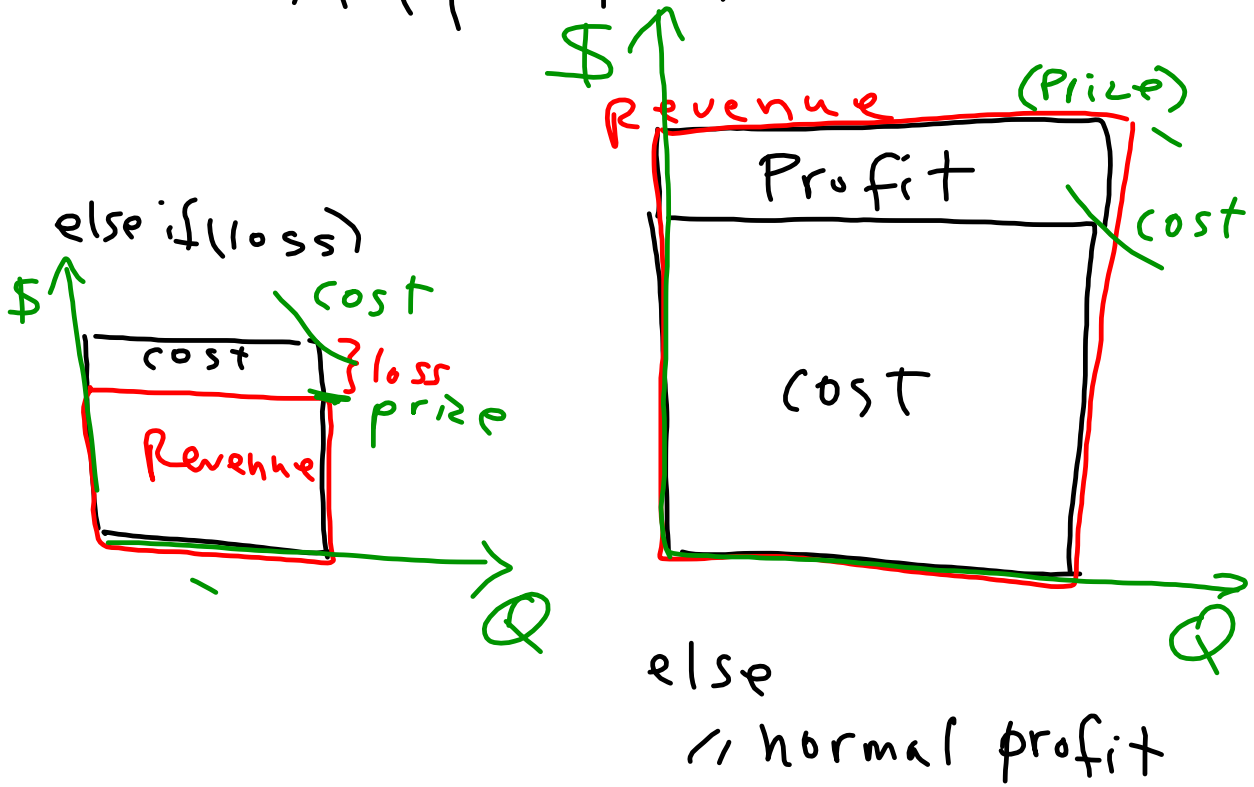


table 64.1

Demand Schedule for Lysine

lysine

Price of lysine (per pound)	Quantity of lysine demanded (millions of pounds)	Total revenue (millions)
\$12	0	\$0
11	10	110
10	20	200
9	30	270
8	40	320
7	50	350
6	60 demand	360 max
5	70	350
4	80	320
3	90	270
2	100	200
1	110	110
0	120	0

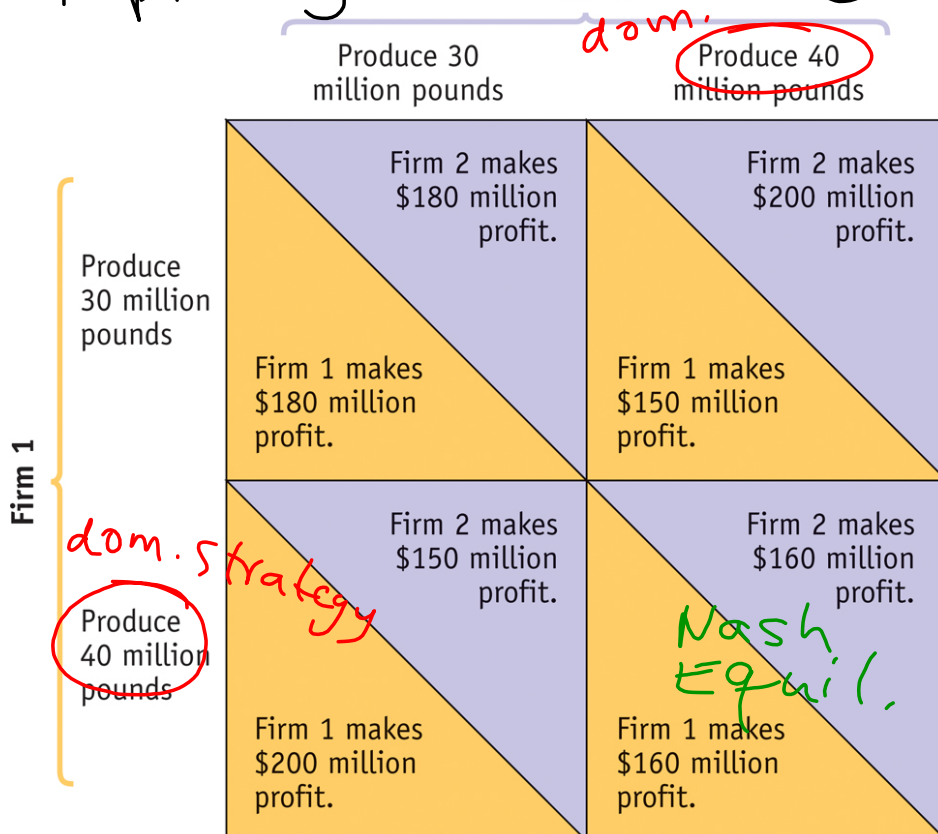
Topic: imperfect competition  
— oligopoly.

cartel: formal agreement  
to limit production,  
keep price high  
(fixing prices)  
collusion

tacit (unspoken)  
collusion — in U.S.  
especially — try to  
maximize group  
profits and avoid  
jail / fines

Small town gasoline  
 stations -  
 barriers to  
 entry  
 2 gas stations "fix"  
 (tacitly) price  
 to maximize  
 profits.

Topic: game theory.



prisoners' dilemma -  
a classic of game  
theory - cops keep  
prisoners separate -  
adjust incentives to  
ensure that both  
prisoners confess

Payoff matrices:

- ① Dominant Strategy?  
has one if player  
would pick that  
strategy regardless  
of the strategy of  
other player.
- ② Nash Equilibrium.  
(non-cooperative)  
Cell where neither  
player can improve  
by switching  
strategies.