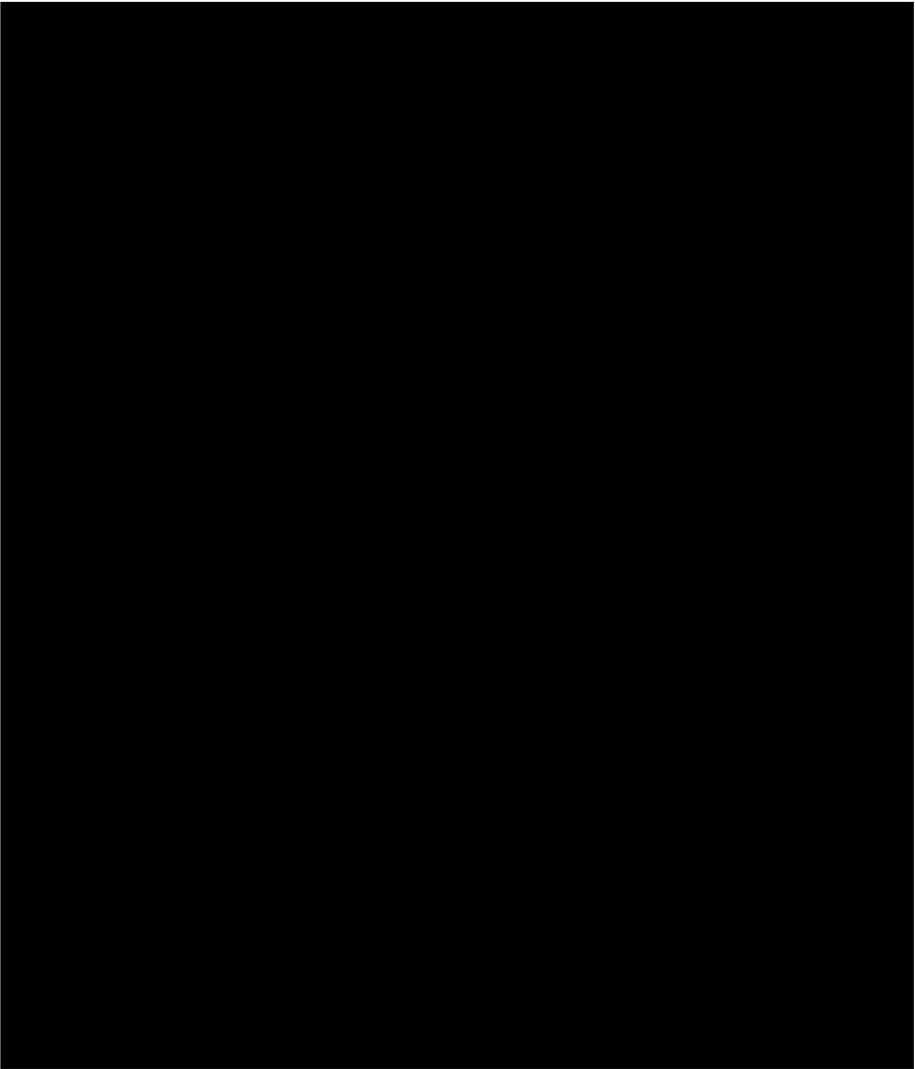


Department of Economics, Ke

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[Redacted header text]

ed by the firm. We will perform this investigation [Redacted] 11/27/2011

[Large redacted block of text]

[Redacted line of text]

Consider for a moment [Redacted]

[Large redacted block of text]

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■

(2)

[Redacted block of text]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

where $C_{2b} = dC_{2b}/d\alpha$.

[REDACTED]

where $C_{2b} = dC_{2b}/d\alpha$. For the case in which the unarticulated firm believes that

[REDACTED]

$$[REDACTED] \quad (10)$$

and given the cost beliefs that are articulated, firm 2's response to firm 1's price change is

$$[REDACTED] \quad (11)$$

One has $\partial \alpha / \partial \alpha > 0$ and $\partial \alpha / \partial \alpha < 0$. The response function (11) can be written as

$$[REDACTED] \quad (12)$$

[REDACTED]

where $\bar{T}^* = \frac{1}{p_2} \frac{\partial F}{\partial y_2}$

$\bar{T}^* > (\text{or } <) \bar{T}$ if $\bar{T} < (\text{or } >) \bar{T}^*$

where $\bar{T}^* = \frac{1}{p_2} \frac{\partial F}{\partial y_2}$

Case I: y_1 and y_2 are complements. When the two goods are complements, $\bar{T}^* > \bar{T}$ if $\bar{T} < \bar{T}^*$ and $\bar{T}^* < \bar{T}$ if $\bar{T} > \bar{T}^*$. If $\bar{T} = \bar{T}^*$, then $\bar{T} = \bar{T}^*$.

Case II: y_1 and y_2 are substitutes. When the two goods are substitutes, $\bar{T}^* < \bar{T}$ if $\bar{T} < \bar{T}^*$ and $\bar{T}^* > \bar{T}$ if $\bar{T} > \bar{T}^*$. If $\bar{T} = \bar{T}^*$, then $\bar{T} = \bar{T}^*$.

where $\bar{T}^* = \frac{1}{p_2} \frac{\partial F}{\partial y_2}$

where $\bar{T}^* = \frac{1}{p_2} \frac{\partial F}{\partial y_2}$

$$\bar{T}_1 f_{21} F + p_2 + (\partial p_2 / \partial y_2) y_{20} - C_{20}^{2a}(y_{20}) = 0. \quad (14)$$

where $\bar{T}^* = \frac{1}{p_2} \frac{\partial F}{\partial y_2}$

[REDACTED]

in the non-core market, regardless of whether the non-core market is characterized

[REDACTED]

Proposition 2. In the case of a symmetric environment, the following holds:

[REDACTED]

[REDACTED]

3. Common-carrier allocation based on the relative revenues method

[REDACTED]

[REDACTED]

$$h_1 = \partial h / \partial y_1$$

$$h_1 = \frac{\partial h}{\partial y_1} = \frac{\partial}{\partial y_1} \left(\frac{1}{2} \sum_{i=1}^n \frac{y_i}{y_1} \right) = \frac{1}{2} \sum_{i=1}^n \frac{-y_i}{y_1^2} = -\frac{1}{2} \sum_{i=1}^n \frac{y_i}{y_1^2}$$

[REDACTED]

8. $\frac{\partial h}{\partial y_1} = \frac{\partial}{\partial y_1} \left(\frac{1}{2} \sum_{i=1}^n \frac{y_i}{y_1} \right) = \frac{1}{2} \sum_{i=1}^n \frac{-y_i}{y_1^2} = -\frac{1}{2} \sum_{i=1}^n \frac{y_i}{y_1^2}$

For the following higher order components, section 10(a) does not apply. But

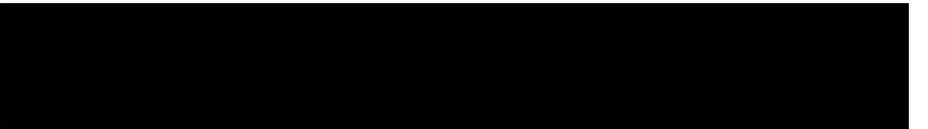
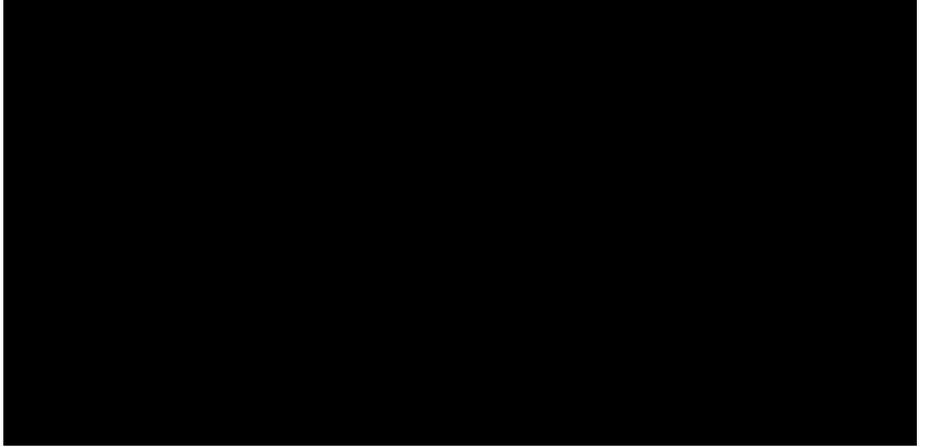


Table 1

Price regulation (at π) and cap \bar{q}

	Method	Monotonic r
	static	revenue
[Redacted]	[Redacted]	
	[Redacted]	(0)
	[Redacted]	(0)
	[Redacted]	(-)
	[Redacted]	(+)
	[Redacted]	(0)
	[Redacted]	(0)
	[Redacted]	[Redacted]
	[Redacted]	(0)
	[Redacted]	(0)

Under PC regulation, if the core good and non-core goods are complements, an

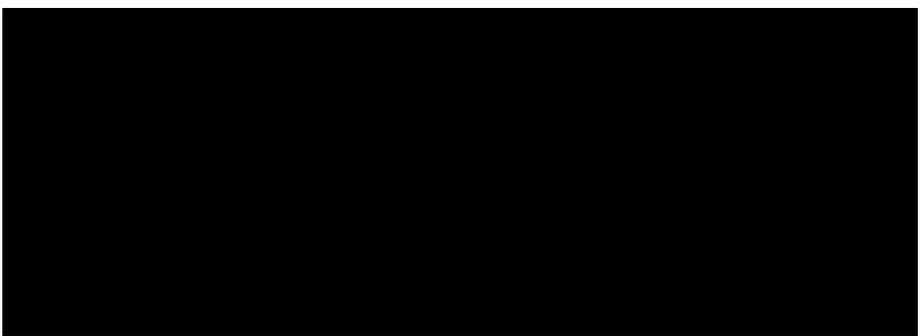
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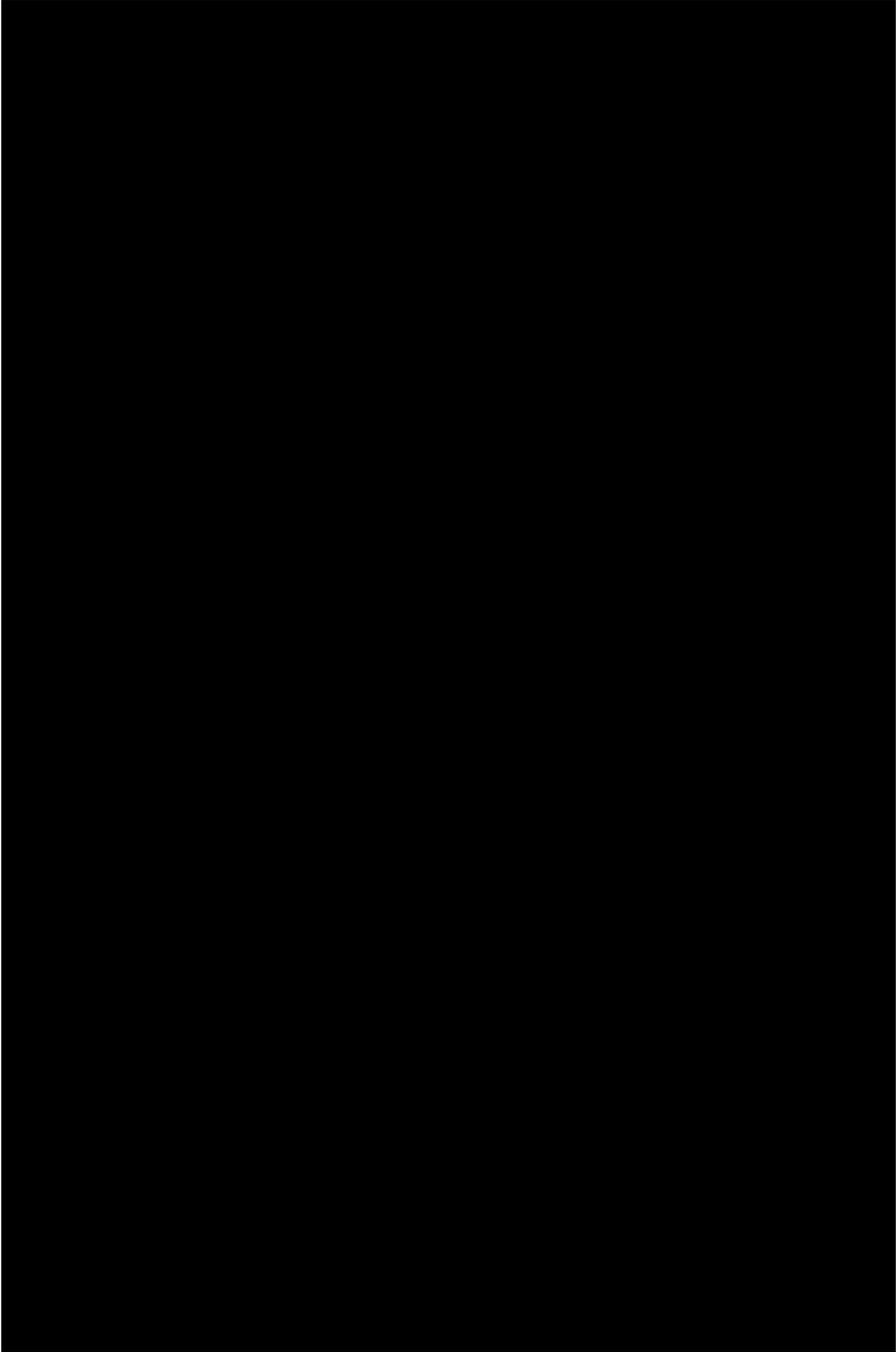
Table 2

Modifying a consumer's information set

	Common cost allocation	
	Partial revenue sharing	
y_1 and y_2 are complements		
(a)		
Common market	(-)	(-)
	(+)	(+)
y_1 and y_2 are substitutes		
(a)		
Common market	(-)	
	(+)	
	(-)	(-)
	(+)	(+)
	(-)	
	(+)	
	(-)	(-)
	(+)	(+)

^a Since $\partial \pi_i / \partial \theta_i > 0$, $\partial \pi_i / \partial \theta_j < 0$, $\partial \pi_j / \partial \theta_i < 0$, and $\partial \pi_j / \partial \theta_j > 0$.





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