

COURNOT EQUILIBRIUM: DEFINITION

DEFN: A PAIR OF QUANTITIES (\hat{q}_1, \hat{q}_2) IS A
COURNOT EQUILIBRIUM IF

$$\hat{q}_1 \text{ MAXIMIZES } \pi_1(q_1, \hat{q}_2)$$

AND $\hat{q}_2 \text{ MAXIMIZES } \pi_2(\hat{q}_1, q_2).$

MORE GENERALLY (WITH n FIRMS):

DEFN: A LIST $(\hat{q}_1, \dots, \hat{q}_n)$ OF QUANTITIES IS A
COURNOT EQUILIBRIUM IF

$$\forall i: \hat{q}_i \text{ MAXIMIZES } \pi_i(q_i, \hat{q}_{-i}).$$

$$\uparrow (\hat{q}_1, \dots, \hat{q}_{i-1}, \hat{q}_{i+1}, \dots, \hat{q}_n)$$