

24. Correct. The answer is false. A Bertrand duopolist chooses the price he charges instead of the quantity as in a Cournot duopoly. If the firm picks a price lower than his competitor, he will gain the whole market. If his price is even slightly more than the competitor, he will lose the whole market to the other firm. Assuming the firms do not collude, each firm will have an incentive to lower price (hoping to gain the entire market) until the competitive market equilibrium price is reached.