An illegal cartel has been formed by three leading ready-mix cement suppliers in the local market. Total costs at various levels of service per day are as follows:

|  |  |
| --- | --- |
|  | Total Cost ($000)  |
| Daily Output (000 cu. yds.)  | Ready Mixes, Inc.  | Concrete ProductsCo.  | Hard Stuff, Inc.  |
| 0  | $ 2  | $ 3  | $ 0  |
| 1  | 12  | 14  | 8  |
| 2  | 21  | 23  | 17  |
| 3  | 29  | 30  | 27  |
| 4  | 36  | 41  | 38  |
| 5  | 47  | 53  | 50  |

A. Construct a table showing the marginal cost of production per firm.
B. From the data in part A, determine an optimal allocation of output and maximum profits if the cartel sets Q = 10(000) and P = $10.
C. Is there an incentive for individual members to cheat by expanding output when the cartel sets Q = 10(000) and P = $9?