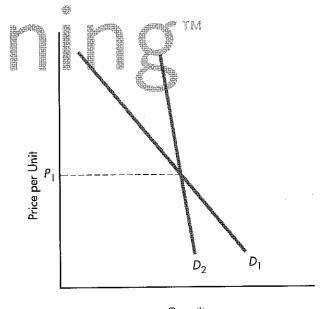
9. What is the cost to a firm in an oligopoly that fails to take rivals' actions into account? Suppose the firm operates along demand curve D<sub>1</sub>, shown below, as if no firms will follow its lead in price cuts or price rises. In fact, however, other firms do follow the price cuts, and the true demand curve below price P<sub>1</sub> lies below D<sub>1</sub>. If the firm sets a price lower than P<sub>1</sub>, what will happen?



Quantity