We will discuss the remaining exercises from last tutorial. Please prepare in addition the following exercise:

1. Consider the Akerlof framework from the lecture.

**Definition 1.** A competitive equilibrium *in the Akerlof model* is a price $p^*$ and a set $\Theta^*$ of seller types who trade such that

\[
\Theta^* = \{ \theta | R(\theta) \leq p^* \} \quad \text{and} \quad p^* = \mathbb{E}[\theta | \theta \in \Theta^*].
\]

Suppose the distribution function of $\theta$ is

\[
F(\theta) = \begin{cases} 
0 & \text{for } \theta < 1 \\
\theta - 1 & \text{for } 1 \leq \theta \leq 2 \\
1 & \text{for } 1 < \theta
\end{cases}
\]

and $R(\theta) = 0.9 \cdot \theta$.

Describe a competitive equilibrium of this model.