Referee report on MS 1127

(1) The analysis is correct.

(2) In MS1127, Bertrand duopolistic equilibria price is a price such that $\prod_i D(p) \ge \prod_i M(p)$.

Therefore, lemma1 which presented the size relationship between $\Pi_i^{D}(p)$ and $\Pi_i^{M}(p)$ is the most important contribution. The procedure of the proof of Theorem1 and Theorem2 are identical to those of Satoh and Tanaka (2013).

(3) In MS1127 it is assumed that two firms seek to maximize the weighted sum of their absolute and relative profits. This is the difference between an analysis of Dastidar (1995) and that of the paper1127. Since the paper 1127 assume that two firms have the same cost functions, at duopolistic equilibrium absolute profit of each firm is identical. Then we have

 $\Pi_{A}D(p) = \Pi_{B}D(p) = (1-a)\Pi_{A}D(p).$

And we have

 $\Pi_{A}M(p) = \Pi_{A}M(p).$

Therefore, the size relationship between $\Pi_A D(p)$ and $\Pi_A M(p)$ is explained using the

size relationship between $\Pi_A^{D}(p)$ and $\Pi_A^{M}(p)$. For this reason, the result of the analysis of MS1127 is highly dependent on the result of the analysis of Dastidar (1995), which showed existence and range of Bertrand equilibrium price in a duopoly under absolute profit($=\Pi_A^{D}(p)$) maximizations. For example, we can illustrate Theorem2 by replacing the profit curve $\Pi^{A}(=\Pi_A^{D}(p))$ by the profit curve $(1-\alpha)\Pi_A^{D}(p)$ in Fig. 3(p.28) of Dastidar (1995).

(4)The main conclusion of this paper is that the range of Bertrand duopolistic equilibrium price under relative profit maximization is lower and narrower than that under absolute profit maximization. It is meaningful that this conclusion was derived. However, the authors do not explain the interpretation of the reason why the range of the equilibrium price is lower and narrower. By explaining this reason, the author could clarify difference between an analysis of Dastidar and that of MS1127.