

## Imperfect Competition Oligopoly and Game Theory

Watch Game Theory and Oligopoly – Crash Course Economics #26 <https://www.youtube.com/watch?v=PCcVODWm-oY>

There are four different types of market structures:

**Perfect Competition** is where you find most agricultural products like strawberries. There are \_\_\_\_\_ of farmers all growing identical products. There are no barriers to entry. Individual businesses don't have control over \_\_\_\_\_.

**Monopoly** is where one large company produces a product with very few \_\_\_\_\_. Because high barriers to entry prevent \_\_\_\_\_ a monopoly has a lot of control over price.

**Monopolistic Competition** is a market with many \_\_\_\_\_ and relatively low barriers to entry, their products are very similar but not \_\_\_\_\_.

**Oligopolies** have high barriers to entry and are controlled by a few \_\_\_\_\_.

- Like monopolistic competition, oligopolies often sell products that are \_\_\_\_\_ but not \_\_\_\_\_.
- Oligopolies have some control over their \_\_\_\_\_.

Oligopolies compete using **non-price competition**. Companies focus on things like:

- 1.
- 2.
- 3.
- 4.

- The most recognizable type of non-price competition is \_\_\_\_\_.

The big difference between monopolistic competition and oligopolies is that oligopolies are made up of a few \_\_\_\_\_.

Each company makes decisions with the actions of their competitors in mind. They use \_\_\_\_\_.

**Cartels** can participate in **collusion**, an agreement or cooperation for an illegal or deceitful purpose. It is \_\_\_\_\_.

Oligopolies can be explained using a payoff matrix. Follow Mr. Clifford's example.

- What is the optimal outcome for Stan and Brandon's bread company?
- What if Stan charges a low price and leaves Brandon charging a high price?
- What if they both charge a low price?

When companies collude and form cartels they have an incentive to \_\_\_\_\_ so cartels are often \_\_\_\_\_.

A **dominant strategy** always gives the best \_\_\_\_\_ no matter what the other guy does.

Watch Micro Unit 4, Question 15: Game Theory and Puppies

<https://www.youtube.com/watch?v=pRijcXIWTao>

Copy the information in Mr. Clifford's payoff matrix below


Explain what a dominant strategy is.

What is firm 1's dominant strategy?

What is firm 2's dominant strategy?

Watch Oligopoly and Game Theory – Micro Topics 4.5

<https://www.youtube.com/watch?v=AOEbjF0k8vM&t=5s>


Copy the information about Clifford Taxi and ACDC Taxi into the chart above.

Follow Mr. Clifford's example and answer the following questions.

1. What is ACDC Taxi's dominate strategy?

2. What is Clifford Taxi's dominate strategy?

3. What will they both do?