CONCEPT: GAME THEORY AND OLIGOPOLY PROFIT

● In oligopoly, a firm's profit is ____________________ on the output decisions of its competitors.

□ Firms are said to be ____________________

EXAMPLE: Jack and Jill own the only wells in a small town. They have no cost of pumping water (for simplicity). The demand for water in their town is shown in the table below.

Quantity	Price	Total Revenue/Profit
0	120	0
10	110	1,100
20	100	2,000
30	90	2,700
40	80	3,200
50	70	3,500
60	60	3,600
70	50	3,500
80	40	3,200
90	30	2,700
100	20	2,000
110	10	1,100
120	0	0

Both Produce 30 Gallons	**Jack Produces 30 ; Jill produces 40**	**Both Produce 40 Gallons**
Total Quantity = Price =	Total Quantity = Price =	Total Quantity = Price =
Jack's Profit = Jill's Profit =	Jack's Profit = Jill's Profit =	Jack's Profit = Jill's Profit =

Jack's Decision

Jill's Decision		Produce 30 Gallons	Produce 40 Gallons
	Produce 30 Gallons	Jack: ____________ Jill: ____________	Jack: ____________ Jill: ____________
	Produce 40 Gallons	Jack: ____________ Jill: ____________	Jack: ____________ Jill: ____________