



INTRODUCTORY ECONOMICS  
Michaelmas/Hilary Terms 09/10  
Ian Crawford  
Room 260 Department of Economics  
G3, Saville House  
ian.crawford@economics.ox.ac.uk  
[www.economics.ox.ac.uk/members/ian.crawford/crawford.html](http://www.economics.ox.ac.uk/members/ian.crawford/crawford.html)



WEEK 8.

### **Imperfect Competition**

**Reading.** This week the main topic is the imperfect competition. The relevant chapters in Varian are 24 to 28 (or the corresponding chapters in which ever text you are using). Game theory is a little beyond what is expected at prelim's level but you will find the material on games in Varian interesting and useful re. oligopoly. The usual hand in deadline arrangements apply.

#### **Essay:**

Compare the equilibria in the Cournot and Bertrand models of duopoly and discuss the incentives to collude and to defect from collusion under both Cournot and Bertrand assumptions. How might these incentives change if the firms involved interact repeatedly instead of just once?