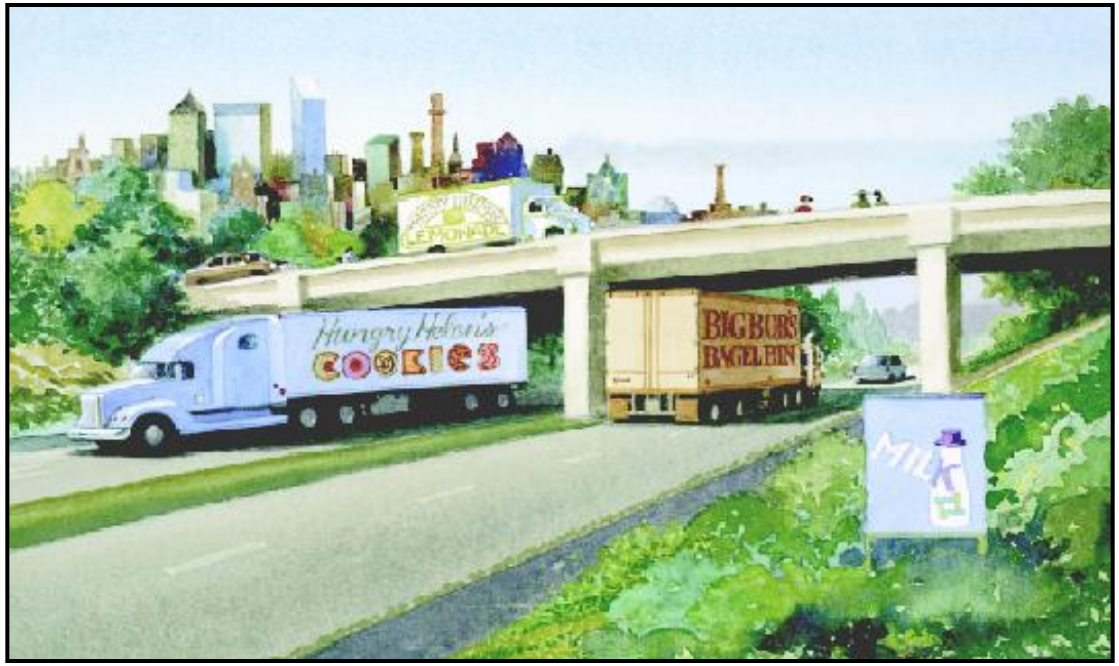

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Oligopoly

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Figure 1 The Four Types of Market Structure

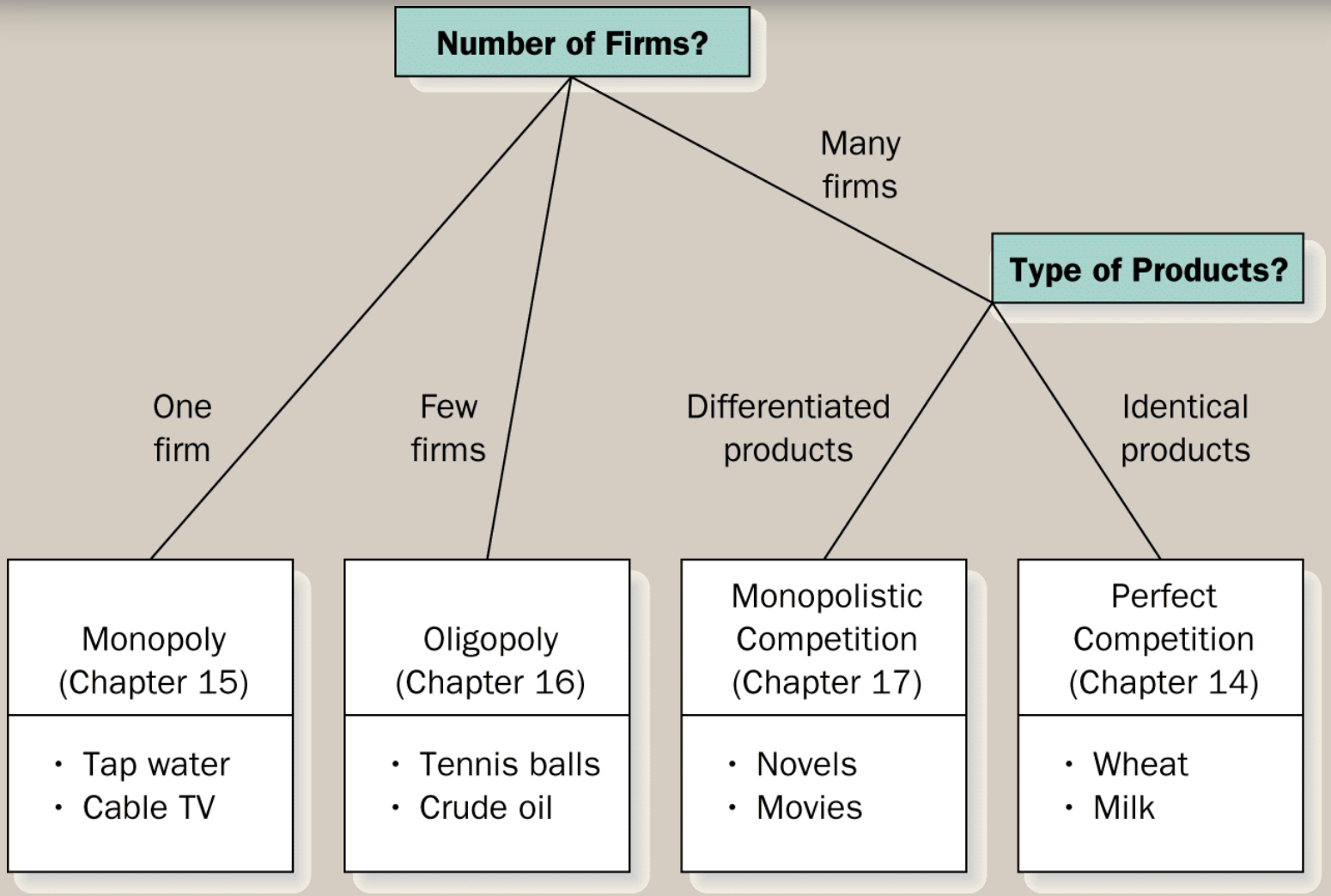

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Table 1 The Demand Schedule for Water

Quantity (in gallons)	Price	Total Revenue (and total 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

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Figure 2 The Prisoners' Dilemma

Clyde's Decision \ Bonnie's Decision	Confess	Remain Silent
Confess	Bonnie gets 8 years Clyde gets 8 years	Bonnie gets 20 years Clyde goes free
Remain Silent	Bonnie goes free Clyde gets 20 years	Bonnie gets 1 year Clyde gets 1 year

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Figure 3 An Oligopoly Game

Iran's Decision	Iraq's Decision: High Production	Iraq's Decision: Low Production
High Production	Iraq gets $40 billion Iran gets $40 billion	Iraq gets $30 billion Iran gets $60 billion
Low Production	Iraq gets $60 billion Iran gets $30 billion	Iraq gets $50 billion Iran gets $50 billion

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Figure 4 An Arms-Race Game

Decision of the Soviet Union (USSR)	Decision of the United States (U.S.): Arm	Decision of the United States (U.S.): Disarm
Arm	U.S. at risk USSR at risk	U.S. at risk and weak USSR safe and powerful
Disarm	U.S. safe and powerful USSR at risk and weak	U.S. safe USSR safe

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Figure 5 An Advertising Game

Camel's Decision \ Marlboro's Decision	Advertise	Don't Advertise
Advertise	Marlboro gets $3 billion profit Camel gets $3 billion profit	Marlboro gets $2 billion profit Camel gets $5 billion profit
Don't Advertise	Marlboro gets $5 billion profit Camel gets $2 billion profit	Marlboro gets $4 billion profit Camel gets $4 billion profit

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Figure 6 A Common-Resources Game

Texaco's Decision \ Exxon's Decision	Drill Two Wells	Drill One Well
Drill Two Wells	Exxon gets $4 million profit Texaco gets $4 million profit	Exxon gets $3 million profit Texaco gets $6 million profit
Drill One Well	Exxon gets $6 million profit Texaco gets $3 million profit	Exxon gets $5 million profit Texaco gets $5 million profit

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Figure 7 Jack and Jill's Oligopoly Game

Jill's Decision	Jack's Decision: Sell 40 Gallons	Jack's Decision: Sell 30 Gallons
Sell 40 Gallons	Jack gets $1,600 profit Jill gets $1,600 profit	Jack gets $1,500 profit Jill gets $2,000 profit
Sell 30 Gallons	Jack gets $2,000 profit Jill gets $1,500 profit	Jack gets $1,800 profit Jill gets $1,800 profit

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