Oligopoly-Oligopsony Model: Theory and Applications

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- No-poaching ($\simeq$ exclusive territory) agreement on consumers and workers:
  - Eliminates competition for workers $W \downarrow \Rightarrow Q \uparrow$, $P \downarrow$.
  - Effect on worker surplus ambiguous (e.g., depends on the level of competition for workers prior to the agreement).

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- Each firm chooses l_i and q_i simultaneously to maximize profit.

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- **Conduct parameter θ.** The f.o.c. of firm i's is $P(Q) + \theta Q \frac{\partial P(Q)}{\partial Q} = mc$ where θ equals 0 under perfect competition, $\frac{1}{N}$ under Cournot, 1 absent competition (see, e.g., Gaudin, 2018, EJ). θ can be related to ϵ by capturing the level of competition on the product market.

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- **Consumer surplus versus worker surplus.** Weight consumer surplus (often millions of people) more than worker surplus (hundreds/thousands of people)?

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