LEARNING AND KNIGHTIAN UNCERTAINTY IN COMMON-POOL RESOURCE GAMES: LESSONS FROM COURNOT OLIGOPOLY

by

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Abstract

Common-Pool Resources (CPRs) are a well studied subclass of social dilemmas. Formally CPR games are special types of Cournot Oligopoly games, which appears not to be universally known in the literature. The paper demonstrates that general analytical and experimental results on Cournot games may be profitably applied to CPR games. We discuss implications of various recent results on Cournot Oligopoly for CPR games: First, we explore the effect of learning, especially of myopic best response learning and imitation. Second, we analyze the effect of Knightian Uncertainty, i.e. uncertainty where decision makers are unable to form exact probability judgements about the appropriation levels.