Managerial Economics/Strategy: Econ 308-001
Planetary Hall, Room 122; 12:00 – 1:15 (Tuesday, Thursday)

Instructor: Professor Kevin McCabe, kmccabe@gmu.edu, (o) 703-993-9441
All EMAIL correspondence should be sent to classes@brains.gmu.edu
and have as its subject ECON 308 FALL 2017.

Office Hours: Wednesdays, 2:00-4:00, Room 5016, Vernon Smith Hall, Arlington Campus.

Prerequisite: Econ 306 (which assumes Econ 103, 104 and Math (calculus) 108 or 113)

Course Description: This course is broken down into two parts. Part one introduces concepts relevant to the design of institutions to improve economic performance. This part will consist of a series of fifteen short lectures with participation in, and discussion of, demonstration experiments. In the second part of the course you and your team members will use what you have learned to propose a change to an institution to improve economic performance. Twelve class days have been reserved to work on the team projects. This will make it easy to coordinate, review, and integrate the individual (out of class) work by team members. A team of five persons should plan to spend roughly two hundred total person hours on the project. When you finish this course, you should be able to analyze transaction cost problems and be able to propose changes to institutions to improve performance.

Required Materials:

(JM) John McMillan, Games, Strategies, and Managers: How managers can use game theory to make better business decisions, Oxford University Press, 1996.

Student license to use MobLab: You will be sent an email after the first class asking you to register. The cost is $18. You need to join the class from MobLab's web-based student console, NOT their mobile app. However, once you have joined, you will use Moblab's mobile app in class to participate in experiments and answer questions.

Grading: You will be graded on a hundred-point system. Your grade will be determined as follows: A = 90-100, B = 80-89, C = 70-79, D = 60-69, F = 0-59.

MobLab Participation (10 points): MobLab experiments will be run in class. You are not allowed to participate in MobLab experiments unless you are in class. You will receive 1 point when you participate in all the MobLab experiments for that day. Trying to participate outside of class will result in a loss of ALL MobLab participation points. The maximum MobLab participation points that you can earn is 10 points.

Moblab Extra Credit Points (10 points): Extra credit points will be given based on your performance in the Moblab games. This means you should take each game seriously and try hard to do the best that you can. These points will be added to your final grade. The maximum extra credit points you can earn is 10 points.

In Class Quizzes (30 points): Each in class quiz will be on one of the twelve required chapter readings in McMillan. Each quiz will start at 12:00 and end at 12:10. You must be in class to

take the quiz. Each quiz will be worth three points. All quiz grades are final.

Project Proposal (10 points). Everyone will submit a team project proposal. Details for the proposal and criteria for grading and selection of proposals will be posted on blackboard.

Final team paper (30 points): Your team project is to analyze an existing economic institution and propose a change to the institution to improve business performance. Details of the paper and criteria for grading the paper will be posted on blackboard.

Team Presentations (10 points): You will be expected to do two team presentations on your project. Each presentation will be 10 minutes long with 5 minutes of question and answer totaling 15 minutes. Each presentation will be graded on a five-point scale. The criteria for grading will be posted on blackboard.

Peer Evaluation Grade (10 points): Each team member will send Professor McCabe a one-page typed assessment of themselves and each of their team members. The peer evaluation form is posted on Blackboard and is due on the last day of class. This assessment is private and cannot be shared with the other team members. The assessment will include what each team member did on the project, a grade from 0 to 10, and a reason for the grade. Professor McCabe will assign your peer evaluation grade based on these assessments. If you fail to submit a peer evaluation report for your team members you will earn zero peer evaluation points.

Students with Disabilities: If you have a learning or physical difference that may affect your academic work, you will need to furnish appropriate documentation to the Office of Disability Services. If you qualify for accommodation, the ODS staff will give you a form detailing appropriate accommodations for your instructor. In addition to providing your professors with the appropriate form, please take the initiative to discuss accommodation with them at the beginning of the semester and as needed during the term. Because of the range of learning differences, faculty members need to learn from you the most effective ways to assist you. If you have contacted the Office of Disability Services and are waiting to hear from a counselor, please tell me.

Honor Code: George Mason University is an Honor Code university; please see the Office for Academic Integrity for a full description of the code and the honor committee process. What does academic integrity mean in this course? Essentially this:

(1) When you are responsible for a report, presentation, or quiz, you will perform that task to the best of your ability. Quizzes are to be done completely independently. Any interaction with others during these times is in violation of the honor code.
(2) When you rely on someone else's work in your papers or presentations, you will give full credit in the proper, accepted form.
(3) Another aspect of academic integrity is the free play of ideas. Vigorous discussion and debate are encouraged in this course, with the firm expectation that all aspects of the class will be conducted with civility and respect for differing ideas, perspectives, and traditions.

Course Schedule: This schedule might undergo some further revision.
Readings from JM should be done before class.

8/29 Theory: Transaction Costs
8/31 Theory: Institutional Design
9/5 Game Theory and Strategy: Nash Equilibrium; Quiz on JM Ch. 2
9/7 Game Theory and Strategy: Market Games; Quiz on JM Ch. 3
9/12 Game Theory and Strategy: Risk Preferences and Sharing; Quiz on JM Ch. 4
9/14 Game Theory and Strategy: Bargaining: Quiz on JM Ch. 5
9/19 Game Theory and Strategy: Information: Quiz on JM Ch. 6
9/21 Organizational Theory: Property Rights and Commons: Quiz on JM Ch. 7
9/26 Organizational Theory: Incentives: Quiz on JM Ch. 8
9/28 Organizational Theory: Contracts: Quiz on JM Ch. 9
10/3 Organizational Theory: Reputations: Quiz on JM Ch. 10
10/5 In Class Work: Finding a Problem (Begin work on proposals)
10/10 **Columbus Day Break**
10/12 Market Design: Double Auctions
10/17 Market Design: Private Value Auctions; Quiz on JM Ch. 11
10/19 Market Design: Common Value Auctions; Quiz on JM Ch. 12; Proposals Due
10/24 Market Design: Other Types of Markets; Quiz on JM Ch. 13
10/26 In Class Work: Project Pitch and Team Preferences
10/31 In Class Work: What is the problem? How is it currently solved?
11/2 In Class Work: What is the problem? How is it currently solved?
11/7 In Class Work: First Presentation due
11/9 In Class Work: First Presentations Continued.
11/14 In Class Work: What is our solution? How will we measure success?
11/16 In Class Work: What is our solution? How will we measure success?
11/21 **Thanksgiving Break**
11/23 **Thanksgiving Break**
11/28 In Class Work: Second Presentation due
11/30 In Class Work: Second Presentations Continued
12/5 In Class Work: Final Paper Preparation
12/7 In Class Work: Final Paper Due, Peer Review Email Due

Final Rules: There are no makeup quizzes or assignments. You have been given enough leeway to be able to miss two classes and still get full credit for the course. Work must be submitted at the assigned time, and in class, or you will receive a zero grade for that work. No late work will be accepted. If you know you will not be in class arrange with Professor McCabe to turn your work in during class at an earlier date. If you are not able to make a presentation time, arrange with your team to have them present your contribution and then inform Professor McCabe of the arrangement before your team presents. If you have an emergency notify Professor McCabe as soon as possible and email your work to him. Upon receiving satisfactory documentation of your emergency your email work will be graded, if it was emailed within twelve hours of the end of the assigned class.