

## ECON 412

### Game Theory and Institutions

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Game theory is nothing more than applied microeconomics. You learned about strategic behavior on the part of monopolies and oligopolies in microeconomics. Those firms are using game theory because of the incentives they face. Political actors, voters and military leaders all use game theory.

Under some institutional arrangements, incentives are structured in a way that people can cooperate productively. This is the world of the Invisible Hand. Under other incentive structures, the actors work against each other. This is the world of the Prisoner's Dilemma, nuclear arms races, union strikes and negative-sum games. In this class we will explore how good institutions can channel rivalrous energies into socially beneficial or socially destructive activities.

#### **Course Objectives:**

- 1) Learn the terminology of economics
- 2) Learn to use the principles of microeconomics to analyze a variety of problems
- 3) Connect the lessons from class to the real world

#### **Grading:**

Weekly Quizzes: 20%

Midterm Exam: 20%

Final Exam: 20%

Book Review 1: 15%

Book Review 2: 15%

Article Discussions: 10%

## **Required Reading**

*Managerial Dilemmas* by Gary Miller

*Institutions, Institutional Change and Economic Performance* by Doug North

*The Calculus of Consent* by Buchanan and Tullock

**The book review is due one week before the final exam. It should be 5-6 pages and include:**

- 1) A very brief summary of the book
- 2) Economic concepts that the book covers
- 3) Connections between these concepts and the real world

**Pick one of these books for your first book report**

*The Road to Serfdom* by F.A. Hayek

*Free to Choose* by Milton and Rose Friedman

*Capitalism and Freedom* by Milton Friedman

*The Wealth of Nations* by Adam Smith

**Pick one of these books for your other book report**

*The Myth of the Rational Voter* by Bryan Caplan

*The Case Against Education* by Bryan Caplan

*10% Less Democracy* by Garrett Jones

*The Sinews of Power* by Jim Brewer

*War Wine and Taxes* by John Nye

*Persecution and Toleration* by Johnson and Koyama

## **Accommodations for Students with Disabilities:**

Disability Services at George Mason University is committed to providing equitable access to learning opportunities for all students by upholding the laws that ensure equal treatment of people with disabilities. If you are seeking accommodations for this class, please first visit <http://ds.gmu.edu/> for detailed information about the Disability Services registration process. Then please discuss your approved accommodations with me. Disability Services is located in Student Union Building I (SUB I), Suite 2500. Email:ods@gmu.edu | Phone: (703) 993-2474

**Honor Code Policy:**

Mason is an Honor Code university; please see the Office for Academic Integrity for a full description of the code and the honor committee process. The principle of academic integrity is taken very seriously and violations are treated gravely. What does academic integrity mean in this course? Essentially this: when you are responsible for a task, you will perform that task. Cheating is totally unacceptable. When you rely on someone else's work in an aspect of the performance of that task, you will give full credit in the proper, accepted form. 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. When in doubt, please ask for guidance and clarification.

**Undergraduate Course Repetition Policy:**

Beginning fall 2018, there is a limit of three graded attempts for this course. A W does not count as a graded attempt. Please see AP. 1.3.4 in the University Catalog and consult with your academic advisor if you have any questions.

**Technology Policy:**

Laptops and tablets are permitted in class but are not permitted during daily quizzes or exams.

**Office Hours and Email:**

Office Hours: 2:00 – 5:00 Thursdays

The best way to reach me is by email at [ggolino@gmu.edu](mailto:ggolino@gmu.edu).