

ECON 308 Managerial Economics

Time: Tuesdays and Thursdays 3:00 to 4:15
Place: Art and Design Building L008
Instructor: Andrew Thomas
Contact: athoma5@gmu.edu
Office Hours: Thursdays 1:30 - 2:30, Buchanan D150

1 Course Description

The course may be broadly divided into two sections. In the first half, we use economic concepts to investigate managerial behavior in the marketplace: pricing strategy, game theory, auctions, etc. In the second half of the course, we open up the black box of the firm to understand *why* managers exist, exploring the concepts of incentives and contracts, horizontal and vertical integration, and political economy. We conclude by extending these concepts to the challenge of social governance broadly considered, including analysis of the state.

2 Course Materials

2.1 Required Books

- Dixit, A. and Nalebuff, B. 2008. *The Art of Strategy*.
- Miller, Gary. 1992. *Managerial Dilemmas*.

2.2 MobLab

We will supplement our readings with MobLab, an online education service. The service requires an \$18 subscription, less than the cost of a standard academic paperback. MobLab allows for live, in class demonstrations of many of the topics we will cover this semester. Further information on registering will be provided in class.

3 Course Requirements

3.1 Required Courses

ECON 306 is a recommended prerequisite for this course, which in turn requires ECON 103 and 104. If you have not taken ECON 306, please speak with me as soon as possible. We will spend the first two weeks reviewing relevant economic principles as a refresher. Those of you who have taken a course in game theory may find the first half of the course to be largely review, but that shouldn't discourage you given the importance of the topic.

3.2 Grades

Your grade will be composed of the following components:

- Final Exam: 25%
- Final Project: 25%
- In Class Work: 25%
- Outside of Class Work: 25%

The final exam will take place on May 7 from 1:30 to 4:15. If you are unable to take the exam during this time, contact me as soon as possible to arrange an alternate date. Details on the final project will be presented later in the semester. In class work will consist of quizzes and MobLab participation throughout the semester. Outside of class work (problem sets and short essays) will be due one week from assignment. Late assignments will not be accepted.

4 Class Outline

A detailed reading schedule will be updated throughout the semester. Additional readings will be assigned and provided via Blackboard.

4.1 Econ Review

4.2 The Art of Strategy

- Dixit, A. and Nalebuff, B. 2008. *The Art of Strategy*.

4.3 Theory of the Firm

- Coase, R. 1937. The nature of the firm.
- Masten, S. 2002. Modern evidence on the firm.
- Tadelis and Williamson. 2012. Transaction cost economics.

4.4 Managerial Dilemmas

- Miller, G. 1992. *Managerial Dilemmas*.
- Williamson, O. 1983. Credible commitments: using hostages to support exchange.

4.5 The State

- Acemoglu, D. 2003. Why not a political Coase theorem? Social conflict, commitment, and politics.
- Ma and Rubin. 2017. Principal-agent problems and fiscal capacity in absolutist regimes.

4.6 Private Government

- Anderson, E. 2017. *Private Government*.
- Coase, R. 1960. The problem of social cost.
- Demsetz, H. 1964. The exchange and enforcement of property rights.
- Demsetz, H. 1967. Toward a theory of property rights.

5 Administrative Policies

5.1 Important Dates

- Last day to add: Jan 28
- Last day to drop with no penalty: Feb 5
- Last day to drop: Feb 11
- Spring recess: Mar 9 - Mar 15
- Final Exam: May 7

5.2 Students with Disabilities

If you are a student with a disability and you need academic accommodations, please see me and contact Disability Services at 703.993.2474 or ods.gmu.edu. All academic accommodations must be arranged through that office.

5.3 Honor Code

George Mason University has an Honor Code, which requires all members of this community to maintain the highest standards of academic honesty and integrity. Cheating, plagiarism, lying, and stealing are all prohibited. All violations of the Honor Code will be reported to the Honor Committee.

5.4 Harassment

George Mason University is committed to providing a learning, living and working environment that is free from discrimination and a campus that is free of sexual misconduct and other acts of interpersonal violence in order to promote community well-being and student success. We encourage students who believe that they have been sexually harassed, assaulted or subjected to sexual misconduct to seek assistance and support. University Policy 1202: Sexual Harassment and Misconduct speaks to the specifics of Mason's process, the resources, and the options available to students.

5.5 Grading Scale

Score	Grade
100-90	A
89-80	B
79-70	C
69-60	D
< 59	F