Topic Coverage: Samuelson & Marks: Managerial Economics[*]

Economic Decision Making
Textbook Chapter: Chapter 1
MobLab Game: (Keynesian) Beauty Contest
Key Learning Objectives:
- Optimal actions often depend on the actions and thinking of others.

Cost Analysis
Textbook Chapter: Chapter 6
MobLab Game: Production, Entry & Exit
Key Learning Objectives:
- Short-run profit maximization involves thinking at the margin.
- In the long-run equilibrium of a competitive market with identical firms, all firms earn zero economic profits.

MobLab Survey: Mental Accounting: Sunk Costs
Key Learning Objectives:
- Surplus maximization requires ignoring sunk costs.
- Easier said than done!

Perfect Competition
Textbook Chapter: Chapter 7
MobLab Game: Competitive Market
Key Learning Objectives:
- The "invisible hand" of the market: how individual profit maximization leads to competitive market equilibrium.
- Price discovery: the equilibrium market-clearing price results from the valuations of different buyers and costs of different sellers.
- Gains from trade (i.e., consumer and producer surplus).
- Shifts in either supply or demand change equilibrium outcomes.

Monopoly Pricing
Textbook Chapter: Chapter 8
MobLab Game: Cournot (with Group Size=1)
Key Learning Objectives:
- Monopolies restrict output in order to increase price.
- The tension between the quantity price effects of increased output.

Oligopoly
Textbook Chapter: Chapter 9
MobLab Game: Prisoner's Dilemma

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[*] 8th edition.

Key Learning Objectives:

- Key features of games: payoff matrices, best responses and dominant strategies.
- Identification of the Nash equilibrium.
- The (sometimes) conflicting incentives of cooperation and self-interest.
- Repeated play may lead to more cooperative outcomes.

MobLab Game: Cournot
Key Learning Objectives:

- The underlying logic of the Cournot model: how market price is determined by aggregate output.
- The equilibrium outcomes of Cournot competition.

Game Theory
Textbook Chapter: Chapters 10
MobLab Game: Matrix: Instructor Specified
Key Learning Objectives:

- Allows instructor maximal flexibility in specifying payoff matrices in support of desired teaching outcome.

MobLab Game: Bertrand
Key Learning Objectives:

- Factors facilitating collusion in repeat interactions.

Regulation and Public Goods
Textbook Chapter: Chapter 11
MobLab Game: Externalities w/Policy Interventions
Key Learning Objectives:

- With externalities, the equilibrium of a competitive market without interventions is inefficient.
- By reducing transactions, a tax can increase efficiency (total surplus) in a market with a negative externality, whereas a subsidy can increase surplus in a market with a positive externality.

Decision Making under Uncertainty
Textbook Chapter: Chapter 12
MobLab Game: Risk Preferences: Bomb-Risk Game
Key Learning Objectives:

- Helps the player understand expected value and thinking on the margin.
- Helps a player understand her own preferences towards risk, and how risk attitudes vary across a population.

The Value of Information
Textbook Chapter: Chapter 13
MobLab Survey: Bayesian Updating
Key Learning Objectives:

- How to appropriately update beliefs upon receipt of new information.

MobLab Game: Private-Value Sealed-Bid Auction
Key Learning Objectives:
- Gain bidding experience.
- Shows the equivalence between the first and second-price auctions.

MobLab Game: Common-Value Sealed Bid Auction
Key Learning Objectives:
- Gain bidding experience.
- Gain first-hand experience with the winner's curse.

Asymmetric Information
Textbook Chapter: Chapter 14
MobLab Game: Market for Lemons
Key Learning Objectives:
- Experience in a market with asymmetric information.
- Asymmetric information may lead to adverse selection and market failure.

Bargaining and Negotiation
Textbook Chapter: Chapter 15
MobLab Game: Bargaining: Alternating Offer
Key Learning Objectives:
- Features of a two-party negotiation may offer an advantage to a particular party. Fairness considerations may lessen any advantage.