

ECONOMICS 410.01
GAME THEORY
FALL 2020, TTH 11:00 - 12:20 PM
PROFESSOR LISA ANDERSON

Due to the ongoing pandemic, details listed on this syllabus are subject to change. I will make every effort to notify you of any significant changes at least two weeks in advance.

Course Description

Game theory is a set of mathematical models used to study how individuals make decisions when their actions affect each other. The emphasis of the course material is a mix of formal theory and applications, including bargaining, public choice and information. While economists turn to game theory to model many situations, the field is firmly rooted in mathematics. Thus, you will struggle in the course if you are not very comfortable with college-level algebra and basic calculus. In addition to mathematical modeling, this course will make extensive use of economics experiments to identify situations where game theory predicts actual behavior and to learn more about why game theory fails to predict behavior in some settings.

A Common Complaint

The most common complaint I receive about this course is that “the exams are much harder than the sample problems.” Of course **the exams are much harder than the sample problems**. When working on sample problems, you do not have time limits. You can use your text and notes to solve these problems. The sample problems cover material from only one chapter of the text, while an exam combines material from many chapters. To earn a good grade in this course, you must be able to take material from your text and class notes and apply it to new problems. Many people find that difficult, and the average grade in this course in any given semester is about one and a half letter grades lower than the average GPA reported on course evaluations.

Useful Information

Office: Tyler Hall, Room 265
Office Phone: 221.2359 (I will not be in my office on a regular basis during the Fall 2020 semester so please contact me via e-mail.)
Office Hours: by appointment
E-mail: lisa.anderson@wm.edu

Important Dates

Midterm Exam: Tuesday, October 6. This exam will cover chapters 1 – 5.
Last Day to Withdraw: October 12.
Group Projects Begin on October 27.
Last Day of Class: November 13.
Cumulative Final Exam: Tuesday, November 24, 2 to 5 pm. Consult the final exam schedule later in the semester to verify this date and time:
<https://www.wm.edu/offices/registrar/calendarsandexams/examschedules/fall20exam/index.php#class>.

Required Reading

The text for this course is *Games of Strategy*, 4th Edition, by Dixit, Reiley and Skeath. Other readings and class information will be available through the blackboard system. Note that there is a 5th edition of this text but I am not using it because it is not yet available as an e-book.

Grades and Policies

Your grade for this course will come from class participation and a group project (20%), an optional midterm exam (35%), and a **cumulative** final exam (45% or 80%). Class participation includes attending Zoom lectures and participating in class experiments. Details about the group project are available on Blackboard.

It is your responsibility to back up all files. I do not grant extensions on assignments because of computer viruses, dead hard drives, stolen laptops, etc.

There will be **no makeup exams**, no exceptions. In the event that you do not take the midterm exam, your final exam will count for 80% of your course grade. I cannot change the time or date of the final exam, so please plan your travel accordingly.

Please do not tell me what grade you need in this class. If you have a goal to earn a certain grade in this class, you should choose behaviors (attending class, studying for exams, etc.) to help you achieve that goal.

Zoom Details

We will meet during our regular class time using Zoom. I will e-mail a Zoom link for each class meeting on Monday and Wednesday nights. Please join the Zoom session with your video on and your audio muted.

Accommodations

William & Mary accommodates students with disabilities in accordance with federal laws and university policy. Any student who feels they may need an accommodation based on the impact of a learning, psychiatric, physical, or chronic health diagnosis should contact Student Accessibility Services staff at 757-221-2512 or at sas@wm.edu to determine if accommodations are warranted and to obtain an official letter of accommodation. For more information, please see www.wm.edu/sas.

Honor Code

William & Mary has had an honor code since at least 1779. Academic integrity is at the heart of the university, and we all are responsible for upholding the ideals of honor and integrity. The student-led honor system is responsible for resolving any suspected violations of the Honor Code, and I will report all suspected instances of academic dishonesty to the honor system. The *Student Handbook* (www.wm.edu/studenthandbook) includes your responsibilities as a student. Your full participation and observance of the Honor Code is expected. To read the Honor Code, see www.wm.edu/honor.

Course Outline and Readings

I. Rules of the Game

- A. Introduction to Game Theory, Chapters 1-2
- B. Sequential Games, Chapter 3
- C. Simultaneous Games with Pure Strategies, Chapters 4 - 5
- D. Games with Simultaneous and Sequential Moves, Chapter 6
- E. Simultaneous Games with Mixed Strategies, Chapters 7

II. Applications

- A. More on the Prisoners' Dilemma, Chapter 10
- B. Collective Action Games, Chapter 11

- C. Bargaining, Chapter 17
- D. Auctions, Chapter 16
- E. Uncertainty and Information, Chapter 8