

## Course Syllabus<sup>†</sup>, Fall 2013

### SECTION INFORMATION

Section	Days	Time	Classroom	Instructor
MGEC 611/612-001	TR	9-10:30	JMHH 240	Michael Sinkinson
MGEC 611/612-002	TR	10:30-12	JMHH 240	Michael Sinkinson
MGEC 611/612-003	TR	1:30-3	JMHH 240	Michael Sinkinson
MGEC 611/612-004	TR	9-10:30	JMHH 250	Judd Kessler
MGEC 611/612-005	TR	10:30-12	JMHH 250	Judd Kessler
MGEC 611/612-006	TR	1:30-3	JMHH 250	Judd Kessler
MGEC 611/612-007	TR	9-10:30	JMHH 260	Clayton Featherstone
MGEC 611/612-008	TR	10:30-12	JMHH 260	Clayton Featherstone
MGEC 611/612-009	TR	1:30-3	JMHH 345	Clayton Featherstone
MGEC 611/612-010	TR	9-10:30	JMHH 370	Katja Seim
MGEC 611/612-011	TR	10:30-12	JMHH 370	Katja Seim
MGEC 611/612-012	TR	1:30-3	JMHH 370	Katja Seim

### FACULTY CONTACT INFORMATION

Faculty	Location	Email	Office Hours
Professor Clayton Featherstone	SHDH 3006	claytonf@wharton	Tuesday 3:00-4:30 and by appointment
Professor Judd Kessler	SHDH 1454	juddk@wharton	Tuesday 3:00-4:30 and by appointment
Professor Katja Seim	SHDH 1457	kseim@wharton	Tuesday 3:00-4:30 and by appointment
Professor Michael Sinkinson	SHDH 1461	msink@wharton	Tuesday 3:00-4:30 and by appointment

### READINGS

The *MGEC 611 Custom Book* and *MGEC 612 Custom Book* includes readings from "Microeconomics", Doug Bernheim and Michael Whinston, 2<sup>nd</sup> Edition, McGraw-Hill [BW below] and "Intermediate Microeconomics: A Modern Approach," Hal Varian, 8<sup>th</sup> Edition, Norton [Varian below]. The text is available at the bookstore.

Extracts from "Microeconomics", by Robert Pindyck and Daniel Rubinfeld, 8<sup>th</sup> Edition, Pearson [PR below] are available on study.net.

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<sup>†</sup> Updated July 25, 2013

## TEACHING ASSISTANTS

TAs will hold recitations, at which they will solve practice exam problems, and office hours, which are a more free-form time for questions. Attendance of either recitations or office hours is not mandatory. Feel free to attend whichever office hours or recitation fit your schedule. **Please contact the head TA concerning administrative details and use Canvas' discussion board for questions related to the material.**

### *Email Addresses*

Victoria Perez (Head TA)	vep@wharton.upenn.edu
Mark Clements	markclem@wharton.upenn.edu
Rudy Henkel	rudyhenkel@gmail.com
Sterling Horne	hornes@wharton.upenn.edu
Ami Ko	koam@sas.upenn.edu

### *Office Hours (individual Q & A)*

	12-1:30 p.m.	3-4:30 p.m.	5:30-7 p.m.
Mon	Rudy Henkel	Rudy Henkel	
Tue	Sterling Horne		
Wed	Mark Clements	Ami Ko	Ami Ko
Thur	Sterling Horne	Mark Clements	

### *Recitations (practice for exams)*

MGEC 612-201, Monday, 4:30-5:30 p.m.	Rudy Henkel
MGEC 612-202, Tuesday, 4:30-5:30 p.m.	Ami Ko
MGEC 612-203, Wednesday, 4:30-5:30 p.m.	Mark Clements
MGEC 612-204, Friday, 11:00-12:00 p.m.	Sterling Horne

## GRADING POLICIES

1. Each student must submit his or her own problem set, although collaboration is permitted in working through the questions.
2. Problem sets should be submitted to the section-labeled hanging folders just inside **1041 Steinberg Hall-Dietrich Hall** (i.e. the smaller door to the left of the main entrance to the 1400 suite). The door will be closed at 4 pm on the day of the deadline. Please be mindful that this is a working office. **Submissions will not be accepted once the door is closed, and submissions will not be accepted through any other method, including email.**
3. Exams are closed book, but a one page "crib sheet" of formulas is allowed along with a stand-alone (not a phone or a computer) calculator (details to be discussed in class).
4. Each subpart of a homework question will either be graded right or wrong, that is, there is no partial credit for any given subpart of the homework. Similarly, making a

mistake on an early part of a question can lead to errors-carried-forward in subsequent parts: these will lose full points on homework. However, due to the limited time you have for writing exams, we will be more lenient on partial credit and errors-carried-forward on exams.

5. If you wish to dispute a grade on an assignment or an exam, you must do so by the dispute deadline we will announce in class. In order to file a dispute, you must ante up 5% of the value of the assignment. If we conclude that your dispute is valid, you will receive the 5% back, but if not, we will keep it. We also reserve the right to re-grade all parts of a disputed assignment, not only the specific parts you wish to dispute. Finally, your dispute must be put into writing, attached to the original graded HW, and submitted to the same place that the homework assignments are submitted, by 4 pm on the dispute deadline. Again, **disputes will not be accepted beyond the deadline, and disputes will not be accepted through any other method.**
6. **Any evidence of cheating is sent immediately to the Dean.**
7. Course grades will be “curved” at the instructor level across his/her sections, i.e. not across *all* sections.

One of the learning components of this course is a **group project** that you will complete with the members of your learning team. Its objective is to apply the concepts studied in the course to a current event, such as a product pricing analysis, a merger case, or a policy debate. We would like you to choose a topic based on a recent newspaper story and conduct an analysis using some of the tools from class. The deliverables for the project consist of a report of at most two pages in length and a PowerPoint presentation (max 10 slides), which, together with a copy of the original article, are due on Nov. 21, 2013. We will choose a random subset of topics for presentation in class 11 on Dec. 3, 2013. Each selected group will get 10 minutes to present an overview of their topic and their analysis followed by 5 minutes of Q&A.

Each project will be graded based on the summary write-up and the PowerPoint presentation. Grades will reflect the relevance of economic concepts used. Each team will receive a single group grade. Students who fail to participate fully in team presentations will lose credit on their class participation grade.

Your score for the course will be calculated according to the following table:

Assessment	Due Date	% Of Grade
Problem Set 1	Nov 7	15%
Problem Set 2	Dec 6	15%
Group Project	Nov 21	10%
MGEC 612 Exam	Dec 13	50%
Attendance and Participation	–	10%

## **CLASSROOM POLICIES**

1. Each student must sit in his or her assigned seat with name-card displayed.
2. You are expected to have read the assigned articles before class. We suggest that you briefly discuss them with your learning teams as well.
3. We will cold-call people.
4. No laptops or smartphones should be used in the classroom. Tablets should be used for note-taking only.
5. Wharton "concert rules" apply: be seated when class is scheduled to start and don't leave the room unless absolutely necessary.

## **ATTENDANCE POLICIES**

We will rely on the attendance app developed by the MBA Program Office (MBAPO) in conjunction with the seating chart to record attendance. Absences will be excused only for the specific reasons listed on the MBAPO website.

## **REVIEW SESSIONS**

Teaching Assistants will hold two reviews for the Final Exam on Tuesday, Dec. 10, from 6 pm to 8 pm and on Wednesday, Dec. 11, from 4 pm to 6 pm in rooms to be announced on Canvas.

## LIST OF LECTURES AND TOPICS

1. Oct 22: Strategic Interactions I: Intro to Game Theory
  1. Overview of MGEC 612
  2. Game theory as a framework for thinking about strategy
  3. When you can see what your opponents are doing: backwards induction and credible threats
  4. When you can't see what your opponents are doing: dominant strategies, dominated strategies, and Nash Equilibrium

**Reading:** BW Chapter 12.1-12.2, 12.3 (through p. 406), 12.4 (through p. 417)

**Video:** "Golden Balls": <http://www.youtube.com/watch?v=S0qjK3TWZE8>

**Article:** TBD.
2. Oct 24: Strategic Interactions II: Advanced Game Theory
  1. When to introduce randomness into your strategy and what sort of randomness helps.

**Reading:** BW Chapter 12.4 (from p. 418), 12.5

**Article:** TBD.
3. Oct 29: Strategic Interactions III: Basic Oligopoly
  1. Bertrand Competition: Choosing Price
  2. Cournot Competition: Choosing Quantity
  3. Bertrand-Nash Competition: Competitive Pricing with Market Power
  4. Horizontal Mergers and Collusion

**Reading:** BW Chapter 19.1-19.4

**Article:** TBD.
4. Oct 31: Strategic Interactions IV: Advanced Oligopoly
  1. First-mover advantage
  2. Preventing entry from the fringe

**Reading:** BW Chapter 19.6-19.7

**Article:** TBD.
5. Nov 5: Strategic Interactions V: Sustaining Cooperation
  1. Building a reputation through repeated interactions.
  2. Price Wars

**Reading:** BW Chapter 19.5

**Article:** TBD.

## PROBLEM SET 1 DUE NOV 7

6. Nov 7: Bidding and Selling in Auctions
  1. Common auction formats
  2. Deciding what to bid
  3. The winner's curse
  4. What to think about when you run an auction**Reading:** Varian Chapter 17  
**Article:** TBD.
7. Nov 12: Dealing with uncertainty
  1. Firms, consumers, and preferences over risk
  2. Insurance: Paying to mitigate risk
  3. Behavioral evidence of risk aversion**Reading:** BW Chapter 11  
**Article:** TBD.
8. Nov 14: Asymmetric Information and Signaling
  1. Strategic interaction where one party knows more than the other
  2. Sending a believable signal of quality when quality cannot be directly confirmed**Reading:** BW Chapter 21.1-21.3  
**Article:** TBD.
9. Nov 19: Moral Hazard: Giving people incentive to do what you want them to do
  1. Contractual forms and the incentives they provide
  2. What to do when continual monitoring is impractical
  3. Executive compensation
  4. Bargaining**Reading:** BW Chapter 21.4  
**Article:** TBD.

#### **GROUP ASSIGNMENT DUE NOV 21**

10. Nov 21: Public Goods and Externalities
  1. When do teams work? Public good problems and solutions
  2. Transaction costs and property rights**Reading:** BW Chapter 20  
**Article:** TBD.
11. Dec 3: Group Presentations
12. Dec 5: Course Wrap-Up

#### **PROBLEM SET 2 DUE DEC 6**

**MGEC 612 EXAM – Friday, December 13<sup>th</sup>, 9am-11am, Location TBA**