Department of Economics

Stockholm University

Syllabus

for course at first level

Economic strategic thinking
Nationalekonomiskt strategiskt tänkande

7.5 Higher Education Credits
7.5 ECTS credits

Course code:	EC2109
Valid from:	Spring 2012
Date of approval:	2011-09-15
Department	Department of Economics
Main field:	Economics
Specialisation:	G1F - First cycle, has less than 60 credits in first-cycle course/s as entry requirements

Decision

This syllabus was approved by the Board of the Department of Economics on September 15, 2011.

Prerequisites and special admittance requirements

Course structure

Examination code	Name	Higher Education Credits
210A	Economic strategic thinking	7.5

Course content

This aim of this course is to deepen the understanding of strategic thinking building on insights from game theory and experimental economics. Game theory, or interactive decision theory which is a more appropriate name, concerns cases when the consequences of one's actions depend on what other agents do. Examples of such situations are firms that compete on an oligopoly market, political candidates that position themselves before an election, fishermen that harvest the same lake, bidders in an auction and students that try to maintain a clean dormitory kitchen. Whereas game theory is largely concerned with the normative question about how rational agents ought to behave, experimental economics studies to what extent human beings behave according to the theoretical predictions. The teaching in this course builds on classroom experiments that will be conducted in class and the discussion that follows these experiments. The focus of the course is on the main game theoretical ideas, not on the underlying mathematical theory.

Learning outcomes

Knowledge and understanding

•The student is expected to have acquired a good understanding of game theoretical aspects of strategic decision-making.
•The student is expected to be able to describe typical strategic situations like social dilemmas, coordination games, mixed motive games and zero-sum games.
•The student is expected to be able to describe game theoretical concepts like Nash equilibrium, iterated elimination of dominated strategies and backward induction.
•The student is also expected to have some knowledge about to what extent people behave according to the theoretical predictions in experimental situations.

Proficiency and ability

•The student is expected to have a good understanding of the basic ideas that are taught in the course, but also about the underlying assumptions that are critical for the analysis and that may not always be fulfilled in practice.
•The student is expected to have the ability to independently apply the tools taught in the course to relevant problems.

Education
Instruction is given in the form of lectures. The language of instruction is English.

Forms of examination
The course is examined on the basis of a written examination.

Students will receive letter grades on a seven-point scale related to the learning objectives of the course: Passing grades are A, B, C, D and E, where A is the highest grade and E the lowest. Failing grades are F and Fx, where F is lower than Fx.

Assessment criteria:

•A (Excellent): The student is able to give a comprehensive and nuanced explanation of relevant economic reasoning in all the areas discussed during the course. The student is also able to, for a given economic problem, motivate which model/models are relevant to analyse the problem, correctly perform the analysis and discuss the constraints of a particular approach.

•B (Very Good): The student is able to explain the essence of relevant economic reasoning in most of the areas discussed during the course. The student is also able to apply relevant economic models to a given economic problem and has an understanding of the constraints of a particular approach.

•C (Good): The student is able to explain the main outlines of relevant economic reasoning in most of the areas discussed during the course. The student is also able to analyse typical examples of economic problems discussed during the course.

•D (Satisfactory): The student is able to explain the main aspects of relevant economic reasoning in many of the areas discussed during the course. The student is also able to analyse typical examples of economic problems discussed during the course in a fairly correct manner.

•E (Adequate): The student is able to explain the main aspects of the most central economic reasoning discussed during the course and has some general knowledge of other models and discussions.

•Fx (Inadequate): The student is unable to explain the main aspects of the most central economic reasoning discussed during the course.

•F (Totally Inadequate): The student is totally unable to explain any of the basic concepts in the course.

If students fail a course unit and receive the grade Fx or F on an examination, there are no restrictions on how many times they are allowed to retake the examination in order to obtain a grade of E or higher.

Interim
If this course is discontinued, students have the right to be examined on the course once per semester for three further semesters.

Required reading
*Dixit, A Skeath, S. and David H. "Games of Strategy", last edition, W. W. Norton

* Articles