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# STRATEGIC GAME THEORY

<http://www.agsm.edu.au/bobm/teaching/SGTM.html>

## What the course covers:

### *Strategic situations:*

**involving two or more participants, each trying to influence, to outguess, or to adapt to the decisions or lines of behaviour that others have just adopted or are expected to adopt (Tom Schelling).**

***Look forward and reason backwards!***

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## **The flat tyre and myopia ...**

**Two college students, very confident about their mid-term exam performance in a subject, decided to attend a party the weekend before the final exam. The party was so good that they overslept the whole Sunday.**

**Instead of taking the exam unprepared on Monday, they pleaded to the professor to give them a make-up exam. Their excuse was a flat tyre without a spare and any help. The professor agreed.**

**On Tuesday morning, the professor placed them in separate rooms and handed them the test. The test had just one question:**

***Which tyre?***

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## And the applications ...

- a *procurement manager* trying to induce a subcontractor to search for cost-reducing innovations
- an *entrepreneur* negotiating a royalty arrangement with a manufacturing firm to license the use of a new technology
- designing a *managerial incentive system*
- *how high to bid* in an auction
- a *negotiation* between a multinational and a foreign government over the setting up of a manufacturing plant

That is, we examine both *Strategizing* and *Economizing*, using game theory.

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## How do you learn?

- **lectures,**
- **the text and readings**
- **in-class (experiential) exercises**
- **on-line exercises**
- **take-home assignments**
- **a team term project – applying the classes**

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## Assessment

- **Three weekly individual assignments.**
- **An in-class midterm exam.**
- **A term project, applying the classes to business, or politics, or war, or movies, or novels, or ...  
Your choice, in consultation with me, and possibly in teams, with a class presentation.**

**For more, talk to me, Bob Marks, or see:**

<http://www.agsm.edu.au/bobm/teaching/SGTM.html>

**and read the handout, *Thinking Strategically*.**

**at**

<http://www.agsm.edu.au/bobm/teaching/SGTM/mailout.pdf>