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| Principles of Microeconomics |

Gains from Trade and International Trade

MobLab Game: Comparative Advantage

Key Teaching Points:

* Shows that trade makes both individuals better off, even when one has an absolute advantage in both goods.
* With total input costs fixed, the comparative advantage game shows how opportunity cost affects production decisions for a firm.

Supply, Demand, and Equilibrium

MobLab Game: Competitive Market

Key Teaching Points:

* Experience the “invisible hand” of the market; individual profit maximization leads to competitive-market equilibrium.
* Show that the competitive-market equilibrium maximizes total surplus (absent external costs or benefits).
* Explore how shifts in supply and demand alter equilibrium predictions.

Market Interventions

MobLab Game: Competitive Market with Interventions

Key Teaching Points:

* Demonstrate the equilibrium and surplus effects of common government interventions: per-unit taxes and subsidies, price ceilings and floors.

Long Run Equilibrium

MobLab Game: Production, Entry & Exit

Key Teaching Points:

* Short-run profit maximization involves thinking at the margin.
* Show how firm entry and exit decisions are affected by the decisions in the previous round, and if the market entrants earned a profit or not.
* In the long-run equilibrium of a competitive market with identical firms, all firms earn zero economic profits.

Monopoly

MobLab Game: Monopoly

Key Teaching Points:

* Review the effects of market quantity on price.
* Profit maximization involves thinking on the margin.
* Compare output and price to under monopoly to the perfectly competitive market.

Oligopoly and Collusion

MobLab Game: Cournot

Key Teaching Points:

* Experience profit maximization when there is strategic interdependence.
* Gain an understanding of the underlying logic of the Cournot model; how market price is determined by the aggregation of simultaneous output.
* Observe the Cournot equilibrium and the impact of repeat interaction.

Oligopoly Behavior in a Game Theory Setting

MobLab Game: Prisoner’s Dilemma (Matrix) and Prisoner’s Dilemma (Push and Pull)

Key Teaching Points:

* Shows the conflicting incentives of cooperation and self-interest.
* Gain familiarity with reading payoff matrices and the key concept of a dominant strategy.
* Identification of Nash equilibrium.
* Demonstrates that repeat play can lead to more cooperative outcomes.

*Push and Pull is a non-matrix version of the Prisoner’s Dilemma.*

Externalities

MobLab Game: Externalities with Policy Intervention

Key Teaching Points:

* Show a divergence between market price and quantity and the socially optimal price and quantity for an externality-generating good.
* Explore interventions like tax, subsidy, and tradable permits for externality generating goods.

Public Goods and Free Riding

MobLab Game: Public Goods: Linear

Key Teaching Points:

* Highlights the features of public goods: non-rival and non-excludable.
* Shows the tension between individual and group welfare.
* Experience the free-rider problem.

Common-Pool Resources

MobLab Game: Commons: Fishery

Key Teaching Points:

* Individual profit maximization leads to overuse of a common-pool resource.
* Communication and repeat-play may lead to better outcomes than predicted on standard theory.

Asymmetric Information

MobLab Game: Market for Lemons

Key Teaching Points:

* Experience a market with asymmetric information.
* Asymmetric information may lead to adverse selection and market failure.

Labor Market

MobLab Game: Simple Labor Market

Key Teaching Points:

* When a perfectly competitive market determines wages, the equilibrium wage (per unit of labor) is equal to the value of the marginal product of labor of the last worker hired.
* By reducing the quantity demanded of labor, a minimum wage decreases employment.

Inequality and Fairness

MobLab Game: Ultimatum Game

Key Teaching Points:

* Demonstrates how social norms such as fairness and altruism may factor in the decision-making process for economic actors.