

[September 17, 2020]

**B Econ 500, Introduction to Business Economics**

**Autumn 2020**

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Overview

In this class, students learn to apply tools from economics to improve business decisions. In particular, economics casts important light on a firm's ability to make and sustain profits.

I will not assume any prior knowledge of economics. I realize that some students have taken economics classes as part of previous degree programs. The class will be more applied than many undergraduate economics classes.

Parts of economic analysis are quantitative. However, I will not use more mathematics than necessary. In particular, I will not make use of calculus.

Class materials

The class textbook is:

Managerial Economics, 5th Edition, by Froeb, McCann, Shor, Ward

I have stopped short of making the textbook "required." But the textbook is very readable, and an excellent resource. It also contains some end-of-chapter questions that are useful for additional practice. It can be rented at low cost in either physical or electronic form.

In addition to the main textbook, I highly recommend "The Undercover Economist" by Tim Harford. I will draw from at least some material in this book, and post at least two chapters on Canvas, but the whole book is interesting.

I will place additional readings and lecture notes on the Canvas page

Topics

We will cover the topics below, in the order listed. In order to allow flexibility for class discussion, I am not listing specific topics by specific days.

The associated textbook chapters are in parentheses.

Basic tools of economic analysis: Economic profit, marginal analysis (chapters 3, 4)

Demand curves, and their use in pricing decisions (chapter 6)

Economies and diseconomies of scale (chapter 7)

Industry analysis and basic strategy (chapters 8, 9, 10, 11)  
Back to pricing decisions (chapters 12, 13, 14)  
Auctions (chapter 18)

### Class expectations

*Class Attendance:* Required, as stated in handbook.

The main aim of the class is the application of economic principles. To accomplish this, class participation is very important. There will be extensive class discussion and small-group in-class exercises.

Please arrive in class on-time.

*Honor code:* The Foster MBA Program Honor Code applies. A full statement is here: <http://www.foster.washington.edu/academic/mba/currentstudents/Pages/honorc ode.aspx>

In brief the Honor Code states: "Cheating, attempted cheating, plagiarism, lying, and stealing in relation to academic work is prohibited."

*Core grading:* I will follow the agreed guideline for core classes, and assign grades with a median of 3.4.

*Remote-specific details:* The MBA program office has communicated expectations specific to the remote aspect of classes. I don't want to repeat too much here, but a few key points:

- Be as engaged as possible in class. I will make sure there are frequent breaks for class and/or smaller group discussion.
- Have your camera on. If this presents a problem for you, please let me know.
- Mute yourself when not speaking.
- Make sure Zoom displays your preferred name.
- To ask a question, either raise a virtual hand, or simply unmute yourself. (Don't use the chat box for questions you want an immediate answer to.)

### *Office hours:*

I will be in the classroom 20 minutes early (i.e., from 10.10am and 1.10pm). I am also happy to stay afterwards whenever my schedule permits.

I am happy to make appointments outside class; please email to set up an appointment.

Special note to students in remote time zones: If there are students who are still in a remote time zone because of travel difficulties, I am open to offering an abbreviated version of class (at a compromise time) to the group of students in this situation.

For when we return to Paccar Hall: My office is Paccar 536.

## Class assignments

The class calendar below lists all key dates. If any of these present a problem for you, please let me know immediately.

### *Weekly online quizzes:*

There are relatively short online quizzes most weeks, administered via Canvas. Each quiz will be available midnight Thursday to midnight Sunday. I will set a time limit of approximately 1-2 hours for each quiz, but my expectation is that quizzes will require much less time. The quizzes will test basic understanding of recent class material. These quizzes must be done individually. However, you may use the textbook and class notes.

You have the option to take each quiz twice. Only the higher score will count towards your grade.

### *Group homeworks:*

There are 6 group homeworks. Each homework is due by the beginning of class on the relevant day. I will post the homework on Canvas a minimum of one week ahead of time.

The homeworks are designed to be done in groups. You can hand in one write-up per group. However, if you cannot reach agreement within your group, you are welcome to submit multiple solutions.

It is really important that all group members actively participate in the entire homework. Also, each group's submission should be independent from the submissions of all other groups. I am very happy for you to discuss economics outside of class, and that potentially includes discussing homeworks in *general* terms. But the *specifics* of homeworks should be discussed only within your group, and breaches of this constitute a serious breach of academic honesty.

My main aim in the homeworks is to encourage you to apply economics to situations different from those we have explicitly discussed in class.

The textbook contains many additional questions. I will post lists of recommended questions on Canvas.

### *Case competition:*

The quarter concludes with a case competition that will draw upon concepts from all four core classes, and contributes to your grade. Specifically, the case competition's contribution towards your Business Economics grade will depend on

a combination of your application of Business Economics concepts in the case, and your overall performance in the case. Your case competition grade is based entirely on the written deliverables submitted on December 11; performances in the presentations on December 14 and 15 affect which teams receive prizes, but do not affect grades.

*Group work:*

In most cases, all group members receive the same grade. But in unusual cases I will give individual-specific grades to reflect contributions very far above or below the norm. (In the former case, individual grades may rise above 100%.) Exam II will include a short survey question to identify students whose contributions are exceptional.

*Exams:*

Exams are Thursday October 22 and Friday December 4.

Both exams are closed book exams. For each exam you can prepare and use a one-page "cheat sheet," written on both sides.

I will devote at least some of the classes on October 20 and December 1 to pre-exam review.

Exam II is comprehensive, i.e., covers material from the entire quarter.

Under the likely scenario that we are still in remote learning:

--Exams are to be taken under exam conditions. In particular, you are strictly on the honor code not to consult class materials (beyond "cheat sheet") or other students.

--I will be available on Zoom for the duration of the exam.

--I will distribute exams in both Word and PDF formats.

--Since the exams will involve quantitative calculation and graphical argument, my recommendation is to either print out the exam, and submit a scanned copy; or to mark-up a PDF of the exam using a stylus.

--If submitting a scanned copy: Please make-sure you are able to submit a single file containing the whole exam.

--In recognition of download and upload frictions: Exams will be available 10 minutes before the official start time, and I will add 20 minutes after the official end time. If you anticipate needing more time for download/upload, please contact me ahead of time.

*Participation:*

You will receive a class participation grade, based on a mixture of your participation (and to a much lesser extent, performance) in online polls, and your participation in

class discussion. In assessing online polls, for each student I will drop the three days with lowest completion rates.

### Optional review sessions

Many Fridays there is review session, 1-2.30pm. The review sessions are optional, and are led by the teaching assistant for the course, George Nurisso (gnurisso@uw.edu).

### Grading

I will assign final grades using the maximum of

(i) Quizzes, 10.5%; Homeworks, 12%; Participation, 7.5%; Joint case, 10%; Exam I, 30%; Exam II, 30%

(ii) Quizzes, 10.5%; Homeworks, 12%; Participation, 7.5%; Joint case, 10%; Exam I, 20%; Exam II, 40%

### Religious and disability accommodations; academic integrity; student conduct; student safety

UW policies on religious and disability accommodations, academic integrity, student conduct, and student safety will be strictly followed. Policy details can be found online including at the following links:

<https://registrar.washington.edu/staffandfaculty/religious-accommodations-policy/>;

<http://depts.washington.edu/uwdrs/faculty/syllabus-statement/>;

<https://www.washington.edu/studentconduct/conduct-code-and-policy/>.

### Class calendar

Section A classes are 1.30pm-3pm

Section B classes are 10.30am-noon

Class 1	Tues, Sep 22	10.30am/1.30pm
Class 2	Thur, Sep 24	10.30am/1.30pm
Class 3	Fri, Sep 25	10.30am/1.30pm
Quiz 1 due	Sun, Sep 27	midnight
Class 4	Tues, Sep 29	10.30am/1.30pm
Class 5/HW1 due	Thur, Oct 1	10.30am/1.30pm
Review session (optional)	Fri, Oct 2	1pm
Quiz 2 due	Sun, Oct 4	midnight
Class 6	Tues, Oct 6	10.30am/1.30pm
Class 7/HW2 due	Thur, Oct 8	10.30am/1.30pm
Review session (optional)	Fri, Oct 9	1pm
Quiz 3 due	Sun, Oct 11	midnight
Class 8	Tues, Oct 13	10.30am/1.30pm
Class 9/HW3 due	Thur, Oct 15	10.30am/1.30pm
Review session (optional)	Fri, Oct 16	1pm
Quiz 4 due	Sun, Oct 18	midnight
Class 10	Tues, Oct 20	10.30am/1.30pm
Exam I	Thur, Oct 22	AM (exact time TBA)
Class 11	Tues, Nov 3	10.30am/1.30pm
Class 12	Thur, Nov 5	10.30am/1.30pm
Review session (optional)	Fri, Nov 6	1pm
Quiz 5 due	Sun, Nov 8	midnight
Class 13/HW4 due	Tues, Nov 10	10.30am/1.30pm
Class 14	Thur, Nov 12	10.30am/1.30pm
Quiz 6 due	Sun, Nov 15	midnight
Class 15/HW5 due	Tues, Nov 17	10.30am/1.30pm
Class 16	Thur, Nov 19	10.30am/1.30pm
Review session (optional)	Fri, Nov 20	1pm
Quiz 7 due	Sun, Nov 22	midnight
Class 17/HW6 due	Tues, Nov 24	10.30am/1.30pm
Class 18	Tues, Dec 1	10.30am/1.30pm
Exam II	Fri, Dec 4	PM (exact time TBA)
Case competition launch	Mon, Dec 7	
Case competition deliverables due	Fri, Dec 11	
Case competition presentations	Mon/Tues, Dec 14/15	