

[January 3, 2021]

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

**Winter 2022**

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### Overview

The class applies tools from economics to business decisions, and to understanding broader trends in the economy.

Data analysis is an increasingly important component of economic analysis. We will spend significant time on this. To the greatest extent feasible, students will examine data directly.

A broad theme running through the class is the source and sustainability of firms' profits. Other themes covered include: Distributional concerns, both between firms and employees, and among different employees; trends in employment; government taxation and welfare programs; strategic analysis (game theory).

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

All materials are on Canvas.

There is no class textbook. Relative to prior years, I have considerably broadened the scope of the class, with the result that I haven't been able to find a textbook that covers enough of the material to justify the expense of purchasing it.

A resource that I highly recommend is "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.

For many classes, I will post \*short\* required readings ahead of time. I will conduct class discussion under the assumption that all students have read them. For any class that has required readings, I will also assign a \*short\* Canvas quiz, to be completed before class. (See assignments section below.)

In addition to required readings, I will post additional readings that complement the material.

### Class assignments

The final grade in the course is based on:

Pre-class canvas quizzes	10%
Short in-class and data exercises,+participation	15%
Longer data exercises	20%
Exam I	22%
Exam II	33%

To expand:

*Pre-class canvas quizzes:* Any class that has a required reading will also have a pre-class quiz. These will be short, and include the option for one re-take.

*Short in-class and data exercises,+participation:* Many classes will include in-class exercises and data assignments. For example, in class 1 I will ask you to produce a graph showing inflation-adjusted GDP/person in the US over time. In some cases we will start an exercise in class, and students will complete it at home. For many of these cases I will ask students to submit their work via Canvas, to be graded. These will be individual submissions. (However, this is one case where I am happy for students to work collaboratively prior to the individual submission.)

*Longer data analyses:* There are four longer data/quantitative analyses, to be completed in winter-quarter teams. In these cases, only one submission is required per group. We will spend some class time discussing these, and I will (randomly) call on teams to present their findings.

*Exam I:* This will be in-class on February 10. It will be timed, closed-book, closed notes, but with a one-page “cheat sheet.” If you have a conflict on this date please let me know ASAP.

*Exam II:* On March 10. Same rules as for Exam I, but with two cheat sheets not one. Exam II is comprehensive, though tilted towards material covered since Exam I.

*Cheat sheet rules:* Each cheat-sheet is one letter-sized piece of paper (11 by 8.5 inches). You can write anything you like, and on both sides if you wish.

### 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.

*COVID:* The situation is on-going, and subject to change. I will follow the rules and norms of the Foster MBA program.

*Note:* Masks make name-tents more important than normal. Please bring and use these throughout the quarter. Similarly, it is much easier for me to learn names if you sit in the same seat each class.

*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.

*Class recording:* All classes will be recorded. Recordings will be available after the class is completed.

*Office hours:* I am very happy to meet students outside class. I have found that appointments work better than pre-scheduling office hours. Email me for an appointment. My office is Paccar 536. I am also happy to meet via Zoom.

*Electronic devices:* Usual rules: Please don't use electronic devices for non-class purposes during class time.

#### Teaching assistant (TA)

The TA for the class is Sophia Mao, [yumao@uw.edu](mailto:yumao@uw.edu). Please contact her directly for an appointment.

#### 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

All classes meet in Paccar 390.

Regular times: Section A, 3.15-4.45pm and Section B: 1.30-3pm

Note irregular times on Friday March 4 and Thursday March 10

\* marks exams and team assignment dates

*Class 1, Tuesday January 4*

Average and marginal costs

*Class 2, Tuesday January 11*

Opportunity cost

*Class 3, Thursday January 13*

Setting a price to maximize profits. Demand elasticity.

*Class 4, Tuesday January 18*

\*Team Assignment 1 due (trends in labor share of the economy)

Continuation of Class 3 material.

*Class 5, Thursday January 20*

Supply and demand

*Class 6, Tuesday January 25*

Supply and demand

*Class 7, Thursday January 27*

Taxes and subsidies

*Class 8, Tuesday February 1*

\*Team Assignment 2 due (analysis of basic income)

Rent control and minimum wage

*Class 9, Thursday February 3*

Competition and profits

*Class 10, Tuesday February 8*

Competition and profits. Porter's five forces.

*Class 11, Thursday February 10*

\*Exam I

*Class 12, Tuesday February 15*

Direct price discrimination (different prices for different demographics)

*Class 13, Thursday February 17*

Indirect price discrimination

*Class 14, Thursday February 24*

\*Team Assignment 3 (gender pay gaps in different occupations)

Adverse selection

*Class 15, Tuesday March 1*

Adverse selection

*Class 16, Thursday March 3*

Strategic analysis (game theory)

*Class 17, Friday March 4 (Section B, 8.45-10.15am, Section A, 10.30am-noon)*

\*Team Assignment 4 (trends in labor force participation and time use)

*Class 18, Tuesday March 8*

Applications of strategic analysis

*Class 19, Thursday March 10 (Section A, 10:30-12 pm, Section B 1:30-3pm)*

\*Exam II