

[updated: Feb 7, 2023]

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

**Winter 2023**

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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.

I am not requiring a textbook. That said, I recommend the following as good resources:

--Managerial Economics, by Froeb, McCann, Ward, Shor (any edition): This is a good succinct coverage of core topics in business economics.

--Microeconomics, by Goolsbee, Levitt, Syverson (any edition): More detailed than "Managerial Economics," which will suit some but not all of you.

I've asked the Foster library to put copies of both books on reserve.

An additional 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 some 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. In some cases I will post these \*after\* rather than before class, so that we can explore material without preconceptions.

### Class assignments

The final grade in the course is based on:

Short pre-class quizzes	5%
Short in-class and data exercises,+participation	10%
Homework quizzes	15%
Longer data exercises	20%
Exam I	20%
Exam II	30%

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.)

*Homework quizzes:* These are an opportunity to apply your understanding of topics covered in class. Although they are administered as a Canvas quiz, I'll release the questions as a separate file, so that you can think through them offline. These will be untimed, but without the opportunity for a retake.

*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 the morning of Friday 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 Thursday March 9. 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 on-time.

*Name tents:* 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/honorcode.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:* This is a laptop-free class. I will bring paper copies of my slides for anyone who wants them. If you want use a digital copy of slides, please bring a tablet device to class.

Please don't use phones and tablets 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). She will hold optional review sessions from 9.30-10.30am on the following Fridays: Jan 13, 20, Feb 3, 24, Mar 3. Location TBA.

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 Wednesday January 4 and Friday February 10

\* marks exams and team assignment dates

*Class 1, Wednesday January 4 (Section A at 1.30pm, Section B at 3.15pm)*

Average and marginal costs

*Class 2, Tuesday January 10*

Opportunity cost

*Class 3, Thursday January 12*

Setting a price to maximize profits. Demand elasticity.

*Quiz 1: Due by Sunday January 15*

*Class 4, Tuesday January 17*

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

Continuation of Class 3 material.

*Class 5, Thursday January 19*

Supply and demand

*Quiz 2: Due by Sunday January 22*

*Class 6, Tuesday January 24*

Supply and demand

*Class 7, Thursday January 26*

Taxes and subsidies

*Quiz 3: Due by Sunday January 29*

*Class 8, Tuesday January 31*

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

Rent control and minimum wage

*Class 9, Thursday February 2*

Competition and profits

*Quiz 4: Due by Sunday February 5*

*Class 10, Tuesday February 7*

Competition and profits. Porter's five forces.

*Class 11, Thursday February 9*

Direct price discrimination (different prices for different demographics)

*Class 12, Friday February 10 (Section A at 8.45am, Section B at 10.30am)*

\*Exam I

*Class 13, Tuesday February 14*

Indirect price discrimination

*Class 14, Thursday February 16*

Adverse selection

*Quiz 5: Due by Sunday February 19*

*Class 15, Thursday February 23*

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

Adverse selection

*Class 16, Tuesday February 28*

Strategic analysis (game theory)

*Class 17, Thursday March 2*

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

Strategic analysis (game theory)

*Quiz 6: Due by Sunday March 5*

*Class 18, Tuesday March 7*

Applications of strategic analysis

*Class 19, Thursday March 9*

\*Exam II

