

MBA 625: Applied Business Economics
Western Carolina University
Fall 2015 | Thursdays 6:00-8:45 | Biltmore Park Instructional Site

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I. Purpose, Course Aims and Objectives

Economics is a social science whose subject matter encompasses the entire range of human behavior and interaction. Business and free enterprise are important parts of the social world. The purpose of this course is to focus on economics as a set of analytical tools with which to better understand and participate in the business world. Our focus throughout the course will be on using economics to solve problems and to make sound arguments.

Your goals (learning objectives):

1. Build a permanent versatility with the analytical tools that economics provides. The course schedule below lists the tools developed in this course.
2. Use those analytical tools to solve problems related to the business world.
3. Use those analytical tools to formulate sound arguments and critique unsound ones.
4. Develop an understanding and appreciation of the role of business & free enterprise in the social world.

My goals:

1. Inspire students to put forth the effort needed to achieve the above goals.
2. Exemplify how to use economics to solve problems and make sound arguments.
3. Provide a clear and fair structure of learning and grading.
4. Make economics enjoyable and important for students.

II. Course Materials

1. Required textbook:

Russell Cooper and Andrew John, *Economics: Theory Through Applications Version 1.0*.

Note: This is an open source textbook published by FlatWorldKnowledge.com. The student purchase link is here: <https://students.flatworldknowledge.com/course/2398577>, where several affordable purchase options are listed. Selecting one purchase option over others will not affect performance or evaluation in this class; the best selection is purely up to student preferences. Students seeking to use financial aid can purchase a digital copy through the WCU bookstore; however, the printed copy is available only by direct purchase from the publisher.

2 Required podcast subscription:

EconTalk hosted by Russ Roberts. New episodes released each Monday.

Note: This is a weekly podcast interview program that covers a broad range of economics topics and features prominent guests from the business and economics worlds. Although a subscription is required for the course, our primary focus will not necessarily be on new episodes. Instead we will assign one episode per week from the archives; the rest are optional. Subscriptions are available free of charge through any podcast player/provider on iTunes and Android. For example I stream episodes to my Android phone using the PlayerFM app, available free of charge in the Google Play Store. EconTak is also available on the web at www.econtalk.org.

3. Optional Supplemental Materials:

i) Other podcast programs:

Planet Money by National Public Radio <http://www.npr.org/sections/money/>

ii) MOOC instructional videos

Marginal Revolution University (<http://mruniversity.com>) by Tyler Cowen and Alex Tabarrok contains a broad selection of instructional videos, including many that correspond to the topics listed in the course schedule below.

iii) Economics blogs:

I recommend Marginal Revolution; Greg Mankiw's Blog; EconLog; Cafe Hayek; Knowledge Problem; Dani Rodrik's Weblog; and Coordination Problem. There are plenty of others, but those will get you started.

iv) To reinforce material covered, I also recommend a terrifically accessible textbook titled, *Common Sense Economics*, by James Gwartney, et al. Affordable eBook versions are available on Amazon and elsewhere.

III. Grading Procedures

A perfect score in this class is **1,050 points**. Your letter grade will correspond the number of points that you accumulate over the semester:

A	B	C	F
850-1050	700-849	600-699	0-499

You accumulate points in the following categories:

Point Category	Points Possible =
Chapter Checks	150
Problem Sets	250
Podcast Presentations	200
Exam	200
Final Project	200
Extra Credit	50 maximum
Total	= 1,050 points

Chapter Checks are assigned one per chapter, excluding Chapters 1 and 2, for a total of 12 graded assignments. The questions are selected from the textbook's test bank and are designed to ensure that students grasp the assigned material and come to class prepared. Each Chapter Check will be graded on a 0-100 scale. To convert to the above point scale: drop the lowest score, take the average of the rest, and multiply by 1.5.

Problem Sets are assigned every two chapters for a total of 6-7 Sets. Each Set will be graded on a 0-100 scale. To convert to the above point scale: drop the lowest score, take the average of the rest, and multiply by 2.5. An assignment sheet for each Set will be distributed at least two weeks prior to its due date. Answer keys will be provided after graded Sets are returned.

Podcast Presentations will be held each week and will correspond to the assigned EconTalk episode. Using the Student Survey Forms completed prior to the semester, I will group students into three-person Teams. A random number generator will decide the order in which (i.e. when during the semester) Teams present. A Team is free to deliver their presentation in whatever medium and format they choose (chalk & talk, Power Point, multimedia, group/class activity, whatever). Length is 15 minutes, no more no less, followed by five minutes of peer evaluation.

Presenter Deliverables

1. Provide a one-minute (no more, no less) summary that conveys the essential point and importance of the podcast episode.
2. Relate the podcast episode in specific and substantive ways to the course material for that week.
3. Identify a sound argument in the podcast.
4. Identify an unsound argument in the podcast, explain its shortcomings, and provide a correction or improvement.
5. Wild card. Relate the podcast to the world in an important way; for example to your work, to business regulation, to your background & worldview, to how you are learning economics, to how the presenting Team differs in their views on the podcast, or to anything you find important as a presenting Team.

Non-presenting students will peer evaluate and provide constructive criticism. Peer evaluator forms will be circulated each week.

Peer Evaluator Criteria

1. Did the one-minute summary effectively capture and convey the essential point and importance of the podcast? Explain why or why not.
2. Rate the overall presentation (circle one): Fair – Good – Excellent
3. Provide detailed written feedback on the presentation, including constructive criticism as well as praise for specific strengths.

I will score your Presentation on a 0-100 scale, using the Peer Evaluations as advisory input. All students will be informed of their Presentation scores on December 3. As for Peer Evaluations, I will grade and return them each week, and your lowest score will be dropped from your 0-100 semester average. To convert to the above point scale, drop your lowest Peer Evaluations score, take the average of the rest, then add that to your Podcast Presentation score.

Exam will be held in class the week before Thanksgiving. It will be designed to take 2.5 hours and will be based on the Problem Sets, Podcast Presentations, and lecture material. Further details will be discussed throughout the semester.

Final Project will give you the opportunity to apply your creativity and analysis to produce a concise summary of and takeaway from this class. Think of this Project as a course capstone that you can refer back to later in your studies and careers. Details will be discussed in class and an assignment sheet will be provided. Final projects can be turned in any time between November 19 and December 10. Turn in date will not affect your grade.

Extra credit is my subjective evaluation of your effort, interest, and presence in class. I care about punctuality, professionalism, intellectual curiosity, staying on point, being specific, making sound arguments, respecting others and their points of view, and following the course policies listed below. Each of these will weigh in my subjective evaluation.

V. Course Policies:

Attendance Policy:

- I do not record attendance. Attendance is required for earning points. If you miss a class, assume responsibility to stay current with the course, for example by asking a friend.

Make-up work:

- If for some reason you have a conflict with the scheduled Exam date, talk to me well in advance. If you miss the Exam or other graded assignments due to a university excused absence, let me know within one business day and prepare documentation. Know and understand WCU's official policy here: http://www.wcu.edu/WebFiles/PDFs/ClassAttendancePolicy_IV_Revised_3-20-08.pdf.
- Assignments missed due to unexcused absence are not eligible for make-up. This is the purpose for dropping the lowest score in the point categories above.
- I will consider exceptions for emergency situations on a case-by-case basis.

Communications Policy:

I treat this class as a professional environment. As professionals, we are all responsible for communicating with each other in professional manners. This applies to both spoken and written word. In class, use proper decorum and avoid disruptive side conversations. In written word, use proper spelling, grammar, punctuation, capitalization, and language. Here are some useful readings that include tips for you to consider adopting:

- http://careerplanning.about.com/od/communication/a/email_etiquette.htm
- <http://www.discoverpraxis.com/blog/how-to-use-email/>
- <http://www.discoverpraxis.com/blog/how-to-improve-your-email/>
- <http://101emailtippetips.com/>

Blackboard: All course communications will be channeled through Blackboard.

- I will post occasional Announcements to Blackboard that will automatically be forwarded to your Catamount email address. You are responsible for staying current with your email.
- I will activate Discussion Boards for general questions and comments. Students can also create new threads for discussing more specific items.
- I will also post assignment sheets and answer keys to Blackboard.

Email policy:

- I never accept assignments via email attachment, nor do I discuss grades over email.
- Since I do not take attendance, you are not required to email me about missing a class.
- Please consult this Syllabus and the Blackboard announcements prior to emailing me with administrative and policy questions.

Device Policy:

- Calculators are allowed during exams. Smart phones and other devices that happen to have a calculator on them are not allowed. No exceptions.
- I encourage you to bring your smart phone or tablet to class, but only for the purpose of looking up information relevant to class. No unrelated messaging or browsing during class time.
- I discourage you from bringing laptop computers or other devices that have a full-sized keyboard. Recent research has shown that using a laptop deters from effective learning. Here are just two of many articles that explain the reasons.
 - o <http://www.scientificamerican.com/article/a-learning-secret-don-t-take-notes-with-a-laptop/>
 - o <http://www.washingtonpost.com/news/national/wp/2014/08/26/ditch-the-laptop-and-pick-up-a-pen-class-researchers-say-its-better-for-note-taking/>
- Turn your devices onto silent mode.
- No wearing headphones.

Finally:

- No eating in class. No exceptions. Soft drinks are okay.

VI. University Policies Applicable to this Course:

Blackboard Support:

The learning management system for this class is Blackboard and can be found at: <http://wcu.blackboard.com>. Phone and Online Chat support with Blackboard can be found at: <http://wcu.edusupportcenter.com>, 866-374-8144. Additional on-campus support can be found at: <http://tc.wcu.edu>, (828) 227-7487 or by visiting the Technology Commons located on the ground floor of the Hunter Library.

Statement on Academic Integrity (including plagiarism):

Academic dishonesty, including both plagiarism and cheating on exams, or in any way presenting another's work as your own, will not be tolerated. The first incident will result in a grade of zero for the assignment or exam in question and the second incident will result in an automatic grade of "F" for the course. All incidents will also be documented and put on file with WCU's Judicial Affairs office. Students are required to know and comply with WCU's Academic Integrity Policy and Reporting Process, available at <http://www.wcu.edu/student-life/DeanOfStudents/AcademicIntegrity/academicintegrity.asp>

Statement on Accommodations for Students with Disabilities:

Western Carolina University is committed to providing equal educational opportunities for students with documented disabilities and/or medical conditions. Students who require reasonable accommodations must identify themselves as having a disability and/or medical condition and provide current diagnostic documentation to Disability Services. All information is confidential. Please contact the Office of Disability Services for more information at (828) 227-3886.

Student Support Services provides support to students who are either first-generation, low-income or those who have disclosed a disability with: academic advising, mentoring, one-on-one tutorial support, and workshops focused on career, financial aid and graduate school preparation. You may contact SSS at (828) 227-7127 or email sssprogram@wcu.edu for more information. SSS is located in the Killian Annex, room 138.

Writing and Learning Commons (WaLC) located in BELK 207, provides free small-group course tutoring, one-on-one writing tutoring and academic skills consultations, and online writing and learning resources for all students. All tutoring sessions take place in the WaLC or in designated classrooms on campus. To schedule tutoring appointments, log in to TutorTrac from the WaLC homepage (<http://walc.wcu.edu>) or call 828-227-

2274. Distance students and students taking classes at Biltmore Park are encouraged to use Smarthinking and the WaLC's online resources. Students may also take advantage of writing tutoring offered at the Biltmore Park campus on certain days of the week; call 828-227-2274 or log in to TutorTrac and select "Biltmore Park Writing Tutoring" for availabilities.

The Mathematics Tutoring Center (455 Stillwell, <http://mathlab.wcu.edu>, 227-3830) provides tutoring in all lower-division math and many CS courses, help with mathematical concepts in other disciplines, and workshops on study skills specific to mathematics courses. Tutoring is available on a drop-in basis, 9-5 and 6-9 pm Monday-Thursday, and 9-5 on Friday or by appointment.

WCU's Academic Calendar includes dates for all breaks, university closures, final exams, etc. The academic calendar can be found at: <http://www.wcu.edu/academics/campus-academic-resources/registrar-office/academic-calendar.asp>.

VII. Some Good Ideas For You:

- Organize your paperwork and written notes. Keep hard copies of your graded assignments because these will be valuable study aids on exams. Use 3-ring binders and punched paper; do not use spiral notebooks.
- Bring your textbook to class since we'll sometimes work problems and refer to specific pages.
- Study smart not just hard! Use this five-part video series to improve your study skills and learn how to practice deep-process learning:
<https://www.youtube.com/watch?v=RH95h36NChI&index=1&list=PL85708E6EA236E3DB>

How to get an 'A' in this class: Stay Curious, Current, and Connected:

1. Stay curious about the world: Economics is an exciting and even fascinating way to understand the world around you. You wouldn't try to learn how to swim without getting in the water, would you? So jump right in! Throughout the semester, we'll discuss real-world issues, practical tools of analysis, and interesting stories. Everything is at your fingertips, so stay curious about the world, and do well in this class!
2. Stay current with the work: Three steps: 1) do the Reading & Media assignments before class; 2) come to class prepared to take good notes and ask good questions, then re-write your class notes at least once a week—this is the greatest study habit ever invented; 3) stay current with Homework and Quizzes because they definitely add up. If you do these three, the rest will follow.
3. Stay connected: Utilize study groups to make friends and learn together. Economics can be hard, but it's very rewarding when you begin to figure things out, and it's even more rewarding when you learn economics in groups. Also stay connected with me. See my Office Hours above. Use them. Don't wait until it's too late.

COURSE SCHEDULE
MBA 625 Applied Business Economics
 Professor Edward J. Lopez

Week	Dates	Agenda
1	Aug 20	<p>Topics: Overview: using the economic way of thinking to solve problems and make sound arguments</p> <p>Reading Assignment: Cooper & John Chapter 1 “What is Economics?” and Chapter 2 “Microeconomics in Action”</p> <p>EconTalk Episode: Joshua Angrist on Econometrics and Causation, 12/22/2014</p> <p>Optional EconTalk Episode(s): David Henderson on Disagreeable Economists, 07/30/2007; Jim Manzi on the Oregon Medicaid Study, Experimental Evidence, and Causality, 05/27/2013</p>
2	Aug 27	<p>Topics: opportunity cost, consumer budget constraint, individual demand, time constraint, individual labor supply</p> <p>Reading Assignment: Cooper & John Chapter 3 “Everyday Decisions”</p> <p>EconTalk Episode: Edward Glaeser on Paternalism, 09/18/2006</p> <p>Optional EconTalk Episode(s): Mike Munger on Love, Money, Profits, and Non-Profits, 04/19/2010; Jonah Lehrer on Creativity and Imagine, 06/11/2012; David Rose on the Moral Foundations of Economic Behavior, 01/23/2012</p>
3	Sep 03	<p>Topics: risk, uncertainty, discounting, saving, interest</p> <p>Reading Assignment: Cooper & John Chapter 4 “Life Decisions”</p> <p>EconTalk Episode: Nassim Taleb on the Precautionary Principle and Genetically Modified Organisms, 01/19/2015</p> <p>Optional EconTalk Episode(s): Robert Pindyck on Climate Change, 08/05/2013</p>
4	Sep 10	<p>Topics: comparative advantage, efficiency, gains from exchange, auction types, supply & demand, prices</p> <p>Reading Assignment: Cooper & John Chapter 5 “eBay and craigslist”</p> <p>EconTalk Episode: Adam Davidson on Manufacturing, 02/10/2012</p> <p>Optional EconTalk Episode(s): Vernon Smith on Markets and Experimental Economics, 05/21/2007; Adam Davidson on Hollywood and the Future of Work, 06/15/2015</p>
5	Sep 17	<p>Topics: law of demand, price elasticity of demand, firm profit, $MR=MC$ & markup pricing, firm supply curve</p> <p>Reading Assignment: Cooper & John Chapter 6 “Where Do Prices Come From?”</p> <p>EconTalk Episode: Steve Meyer on the Music Industry and the Internet, 03/22/2010</p> <p>Optional EconTalk Episode(s): Joel Waldfogel on Markets, Choice, and the Tyranny of the Market, 12/12/2007; Richard McKenzie on Prices, 06/23/2008</p>
6	Sep 24	<p>Topics: market demand & market supply, comparative statics analysis in supply & demand, gains from exchange under changing prices, market power, limits of supply & demand</p> <p>Reading Assignment: Cooper & John Chapter 7 “Why Do Prices Change?”</p> <p>EconTalk Episode: Michael Munger on John Locke, Prices, and Hurricane Sandy, 11/12/2012</p> <p>Optional EconTalk Episode(s): Michael Munger on Price Gouging, 01/08/2007; Michael Munger on Shortages, Prices, and Competition, 10/19/2009</p>
7	Oct 01	<p>Topics: labor productivity & demand, $MRP_L=W$ rule, job creation & destruction, entry & exit, labor market search</p> <p>Reading Assignment: Cooper & John Chapter 8 “Growing Jobs”</p> <p>EconTalk Episode: Chris Anderson on Makers and Manufacturing, 12/10/2012</p>

		Optional EconTalk Episode(s): Michael Munger on Profits, Entrepreneurship, and Storytelling, 12/12/2011; Michael Munger on the Sharing Economy, 07/07/2014; Lee Ohanian on The Great Recession and the Future of Work, 08/20/2012
8	Oct 08	Topics: labor market regulations, nominal and real wages, minimum wage laws theory and evidence Reading Assignment: Cooper & John Chapter 10 “Raising the Wage Floor” EconTalk Episode: Enrico Moretti on Jobs, Cities, and Innovation, 06/25/2012 Optional EconTalk Episode(s): Marc Andreessen on Venture Capital and the Digital Future, 05/19/2014
9	Oct 15	FALL BREAK – No class meeting.
10	Oct 22	Topics: trade restrictions, price and entry controls, taxes & subsidies, deadweight loss and incidence, international trade agreements, underground/informal economies Reading Assignment: Cooper & John Chapter 11 “Barriers to Trade and the Underground Economy” EconTalk Episode: Dani Rodrik on Globalization, Development, and Employment, 04/11/2011 Optional EconTalk Episode(s): Abhijit Banerjee on Poverty and Poor Economics, 07/11/2011
11	Oct 29	Topics: winner-take-all markets, income & wealth distributions, measuring economic inequality, distributive justice, Reading Assignment: Cooper & John Chapter 12 “Superstars” EconTalk Episode: Tyler Cowen on Inequality, the Future, and Average is Over, 09/30/2013 Optional EconTalk Episode(s): Robert Frank on Inequality, 12/15/2010; David Schmitz on Rawls, Nozick, and Justice 05/07/2012
12	Nov 05	Topics: externalities, collective consumption, Coase theorem, Hotelling arbitrage, economics of climate policy Reading Assignment: Cooper & John Chapter 13 “Cleaning Up the Air and Using Up the Oil” EconTalk Episode: Matt Ridley on Climate Change, 06/29/2015 Optional EconTalk Episode(s): Martin Weitzman on Climate Change, 06/01/2015; Bruce Yandle on the Tragedy of the Commons and the Implications for Environmental Regulation, 10/29/2007; Greg Mankiw on the Gasoline Taxes, Keynes, and Macroeconomics, 01/22/2007;
13	Nov 12	Topics: market power, price discrimination, antitrust law, collusion, mergers, innovation, intellectual property law, Reading Assignment: Cooper & John Chapter 14 “Busting Up Monopolies” EconTalk Episode: Michel Boldrine on Intellectual Property, 05/18/2009 Optional EconTalk Episode(s): Alex Tabarrok on Innovation, 12/26/2011; Hal Varian on Technology 07/28/2008
14	Nov 19	Exam Begin Date for Submitting Final Projects
15	Nov 26	THANKSGIVING – No class meeting.
16	Dec 03	Topics: adverse selection, cost sharing, pricing health care, health insurance Reading Assignment: Cooper & John Chapter 15 “A Healthy Economy” EconTalk Episode: Eric Topol on Creative Destruction in Medicine, 04/01/2013 Optional EconTalk Episode(s): Eric Topol on the Power of Patients in the Digital World, 05/11/2015
17	Dec 10	End Date for Submitting Final Projects