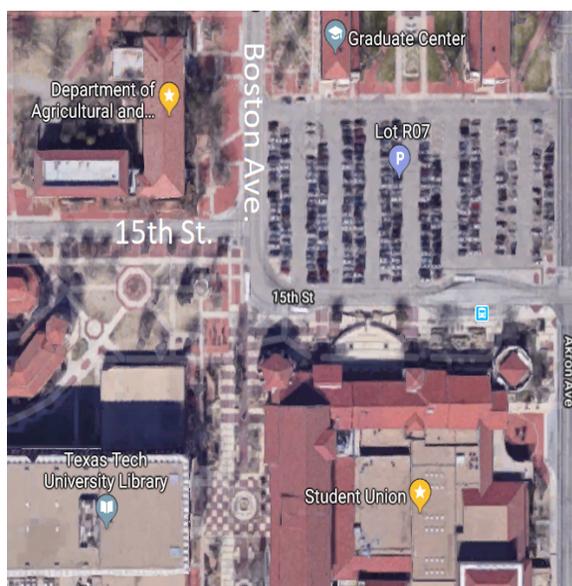


Applied Business Economics

BECO 4310 (Section 013, CRN 37785)
MWF 9:00 – 9:50 AM
Rawls College of Business, Room 00025
Fall 2018

Instructor: Michael Makovi

Office: Department of Agricultural and Applied Economics
Office 203C
(Near the Student Union and Library.)



An alternative meeting time or location can be arranged by appointment.

Office Hours: MWF 9:50 am – 10:45 am or by appointment
See office location above.

Email: michael.makovi@ttu.edu

Include “BECO 4310” in the subject line.

Class website: Blackboard site.

Required text: Cowen, Tyler, and Alex Tabarrok. *Modern Principles: Microeconomics*.
Macmillan, 2018, 4th ed.
ISBN-10: 1-319-09876-2;
ISBN-13: 978-1-319-09876-6.

Other required readings will be posted on Blackboard or passed out in class.

Recommended text: McKenzie, Richard B. and Dwight R. Lee. *Microeconomics for MBAs*.
Cambridge University Press, 2017, 3rd ed.
ISBN-10: 1-107-13948-1;
ISBN-13: 978-1-107-13948-0.

Course Description: The purpose of this course is to provide students with a better understanding of the relationship between the economic way of thinking and business decisions.

Prerequisites: ECO 2305 – Principles of Economics with a grade C or higher OR
ECO 2302 – Principles of Economics II with a grade C or higher OR
AAEC 2305 – Fundamental of Agricultural and Applied Economics with grade C or higher

Instruction Method: Lecture and discussion

Expected Learning Outcomes:

After completing this course, students will be able to:

- Explain the relationship including differences between opportunity costs and accounting costs and the connections between economic profit and accounting profit;
- Explain how managers estimate demand and supply relationships and apply those estimates in common business contexts;
- Apply economic analysis to pricing strategy issues and understand the broader socioeconomic context of pricing decisions;
- Explain the reasons for the emergence of the firm, the factors that limit the size of the firm, and how the principal-agent problem affects firm performance;
- Describe the strengths and weaknesses of markets, contracts, and firms as alternative ways to organize economic activity;
- Understand and explain the different rationales for, and contexts in which political authorities may intervene in markets and their intended and unintended impacts on business decisions;
- Better understand and explain the broader institutional context in which entrepreneurs create value, business firms operate, and policymakers impact economic outcomes.

Assignments

There will be:

- short weekly quizzes
- one written assignment,
- two midterm exams,
- a *cumulative* final examination.
- and a departmental post-course assessment.

Note that the Business Department administers pre-course and post-course assessments, as described below.

Assignment weighting is as follows:

<u>Assignment</u>	<u>Weight</u>
Pre-Course Assessment Bonus	Bonus (see below)
Quizzes	15%
Written assignment	30%
Exams	45% (3 at 15% each)
Post-Course Assessment	10%

Grade Scale

A 90%-100%
B 80%-89.9%
C 70%-79.9%
D 60%-69.9% D,
F 59.9% or below F.

Rounding grades in any direction is not automatic, and is the prerogative of the instructor.

Exam dates – tentative

Wednesday, September 26th

Monday, October 29th

Final – TBD

These exam dates are tentative (subject to change). However, the exams will be no earlier than these dates. They may be later, but they will not be earlier.

Writing Assignment Due Dates

First draft: Wednesday, October 17th

Final version: Monday, December 10th (official final exam date)

Participation and attendance:

Participation and attendance will not be graded.

HOWEVER, weekly quizzes will be administered in class.

Every lecture will begin promptly on time. Every student is expected to arrive on time as they would for any job.

Quizzes:

In lieu of keeping attendance, the instructor will administer weekly quizzes throughout the semester.

Quizzes will be approximately 5 multiple choice questions and based on the assigned textbook readings.

Each quiz will begin promptly at 9:00 AM and end promptly at 9:05 AM.

Of the quizzes administered, *two of the lowest quiz grades will be dropped*. The remaining grades will count toward the quiz portion of your grade. (A missed quiz counts as a zero and is eligible to be dropped.)

Please note that makeup quizzes will be administered only at the instructor's discretion.

Written Assignments:

One newspaper-style op ed will be due during the semester. This op-ed should be approximately 500 to 1000 words. It should analyze a policy issue using basic economic reasoning, and it should be written in a way that the average layman can understand it.

Students may choose any issue for analysis as long as it is reasonably recent (within several years) and as long as it can be analyzed using economic reasoning (the analysis cannot be purely moral or philosophical). Students are not limited to analyzing policies that are being discussed in the media right now.

The first draft is due on Wednesday, October 17th. This first draft will be graded primarily on completion and secondarily on whether it has the beginnings of a good argument. In other words: students will receive a good grade if I can tell that they have the rudiments of a good economic argument, even if the argument is still flawed.

The instructor will provide feedback on this draft so that students may improve their arguments and writing.

A final version is due on the final exam date: Monday, December 10th (official final exam date). This final version will be graded more rigorously – both for quality of writing and for quality of argument. However, any student who revises based on my feedback should earn an A.

Pre-Course Assessment:

All students enrolled in BECO 4310 – Applied Business Economics will take a pre-course assessment. The purpose of this assessment is to provide a benchmark for retention of material from the prerequisite courses.

All students are required to take the assessment. It will be administered in the Rawls Testing Center (NW 104) during the following time window:

- **Begin – Wednesday, August 29**
- **End – Friday, August 31**
- **Hours: 8 am – 5 pm**

Taking the pre-course assessment will contribute 5% extra towards a student's final quiz average – regardless of one's score on the assessment. Failure to take the pre-course assessment will incur a 5% penalty on the student's final quiz average.

Departmental Final / Post-Course Assessment

All students enrolled in BECO 4310 – Applied Business Economics will take a departmental final examination. The purpose of this examination is to assess the quality of instruction and student retention of material discussed during the course.

All students are required to take the departmental final. It will be administered in the Rawls Testing Center (NW104) during the following time window:

- **Begin – Monday, November 26**
- **End – Tuesday, November 27**
- **Hours: 8 am – 5 pm**

This assessment will contribute 10% of a student's final course average. More details about the assessment will be shared at a later date.

The instructor is not the author of this examination, and the instructor does not determine what is tested. Therefore, for the purposes of this course's final grade, every student's raw score will be **curved**, with the highest-achieving student earning at least 100%. **The instructor has no involvement in how your raw score is used by the department.**

Extra Credit:

There will be multiple opportunities for extra credit during the semester. Extra credit will involve attending a seminar by the Free Market Institute. These seminars typically last an hour and a half. Students who attend these seminars must find the instructor and sign an attendance sheet to receive credit.

Make-Up Exams:

Make-up examinations will be administered only for university excused absences and in cases of emergency, as deemed by the instructor. In the event that you have to miss an exam due to a university-sponsored event or a religious holy day observance, you must contact the instructor a week prior to the exam and provide them with any necessary documentation.

Late Assignments:

I will not accept late assignments except in cases of emergency. If you will be absent due to a university-sanctioned event, or for any other reason, it is expected that you turn your assignments prior to class – either in person or by email.

Electronic Devices:

Laptops and tablets will be permitted in class to take notes. Cell phones should not be used by students during class, except in the case of emergencies. In the event of an emergency, please step out of the classroom to address the issue at hand. In the event that students' use of technology becomes detrimental to the classroom environment (as deemed by the instructor), the instructor will state a warning aloud to the entire class. If this disruptive behavior continues, the student will be asked to leave class so that other students do not find their learning experiences disrupted.

Course Communication:

Course announcements will be made in class and posted to Blackboard. The course syllabus will also be posted to Blackboard.

Any changes will be announced in class and on Blackboard. A revised syllabus will be available on Blackboard as well.

TENTATIVE Schedule

Mon Aug 27	Cover syllabus	
Wed Aug 29 Fri Aug 31	Basic Principles	C&T ch. 1 Up until section “Big Idea Nine: Prices Rise When the Government Prints Too Much Money.”
Mon Sept 3	Labor Day holiday	
Wed Sept 5 Fri Sept 7	Marginalism, Gains from Trade	Rhoads, “Marginalism.” C&T chs. 2 & 9
Mon Sept 10	The Price System	Leonard Reed, “I, Pencil.” C&T ch. 7
Wed Sept 12 Fri Sept 14 Mon Sept 17	Supply and Demand	C&T chs. 3 & 4
Wed Sept 19	Price Controls	C&T ch. 8
Fri Sept 21 Mon Sept 24	Elasticity	C&T ch. 5 Selection from Alchian and Alchian re: third law of demand
Wed Sept 26	REVIEW SESSION	
Fri Sept 28	EXAM	
Mon Oct 1	Why do Firms Exist?	McKenzie and Lee, <i>Microeconomics for MBAs</i> , chapter 7 (“Production costs and the theory of the firm”), part B (“Organizational economics and management”). Coase, “The Nature of the Firm” Alchian and Woodward, “The Firm is Dead: Long Live the Firm.”
Wed Oct 3 Fri Oct 5 Mon Oct 8	Competitive Firms	C&T ch. 11 Hayek, “The Meaning of Competition” and/or Hayek “Competition as a Discovery Procedure”
Wed Oct 10 Fri Oct 12 Mon Oct 15	Monopolistic Firms	C&T chs. 13, 17 McKenzie and Lee, chapter 9, section “The efficiency of perfect competition: a

		critique”
Wed Oct 17	Price Discrimination and Pricing Strategies	C&T ch. 14
Fri Oct 19	Cartels and Oligopoly	C&T ch. 15
Mon Oct 22	Network Goods	C&T ch. 16
Wed Oct 24 Fri Oct 26	Firm Incentives, Moral Hazard, Asymmetric Information	C&T chs. 22, 24 McKenzie and Lee, chapter 1, section B, “Organizational economics and management” Armen Alchian, “How Should Prices be Set?” Benjamin Klein, “Transaction Cost Determinants of ‘Unfair’ Contractual Arrangements”
Mon Oct 29	REVIEW SESSION	
Wed Oct 31	EXAM	
Fri Nov 2 Mon Nov 5	Externalities, Coase v. Pigou	C&T ch. 10 Dahlman, “The Problem of Externality”
Wed Nov 7 Fri Nov 9	Regulation: Price controls Taxes and subsidies Externalities Monopoly International trade	C&T ch. 6 Reread and think about: Price Controls Externalities Monopoly International trade
Mon Nov 12 Wed Nov 14	Public Goods and Public Choice	C&T, chs. 19 & 20 Goldin, “Equal Access v. Selective Access”
Fri Nov 16	REVIEW SESSION	
Mon Nov 19	REVIEW SESSION	
Wed Nov 21 Fri Nov 23	Thanksgiving Break	
Mon Nov 26	REVIEW SESSION	
Mon Nov 26 Tues Nov 27	POST-COURSE ASSESSMENT	
Wed Nov 28	TBD	
Fri Nov 30	TBD	
Mon Dec 3	TBD	
Wed Dec 5	Last day of class TBD	
Mon Dec 10	Official final exam period 7:30 a.m. to 10:00 a.m	

Please Note – The instructor reserves the right to change this syllabus as time and circumstances dictate. Necessary changes will be announced in class and a copy of the revised syllabus will be posted on Blackboard.

Due dates and exam dates may be postponed if needed, but they will never be advanced. That is, dates may be moved later in time, but never earlier.

Academic Integrity:

It is the aim of Texas Tech University to foster a spirit of complete honesty and a high standard of integrity. Academic dishonesty will not be tolerated and will be treated according to the rules outlined in the Student Handbook. Please refer to Texas Tech University Operating Procedure 34.12 for more information.

Disability Accommodation:

Any student who, because of a disability, may require special arrangements in order to meet the course requirements should contact the instructor as soon as possible to make any necessary arrangements. Students should present appropriate verification from Student Disability Services during the instructor's office hours.

Please note: instructors are not allowed to provide classroom accommodations to a student until appropriate verification from Student Disability Services has been provided. For additional information, please contact Student Disability Services in 335 West Hall or by phone 806-742- 2405 or by email sds@ttu.edu. Please refer to Texas Tech University Operating Procedure 34.22 for more information.

Religious Holy Day Observance:

A student who intends to observe a religious holy day should make that intention known in writing to the instructor prior to the absence. A student who is absent from class for the observance of a religious holy day shall be allowed to take an examination or complete an assignment schedules for that day within a reasonable time after the absence. Please refer to Texas Tech University Operating Procedure 34.19 for more information.

Resources for Discrimination, Harassment, and Sexual Violence

Texas Tech University (TTU) is committed to providing and strengthening an educational, working, and living environment where students, faculty, staff, and visitors are free from gender and/or sex discrimination of any kind. Sexual assault, discrimination, harassment, and other Title IX violations are not tolerated by the University. Report any incidents to the Office for Student Rights and Resolution, 806-742-SAFE (7233) or file a report online at titleix.ttu.edu/students.

Faculty and staff members are committed to connecting you to resources on campus.

Some of these available resources are:

- TTU Student Counseling Center, 806-742-3674, <https://www.depts.ttu.edu/scc>
Provides confidential support on campus.
- TTU Student Counseling Center, 24 hour helpline, 806-742-5555
Assists students who are experiencing a mental health or interpersonal violence crisis. If you call the helpline, you will speak with a mental health counselor.
- Voice of Hope Lubbock Rape Crisis Center, 806-763-7273, <https://voiceofhopelubbock.org>
24 hour hotline that provides support for survivors of sexual violence
- The Risk, Intervention, Safety, and Education (RISE) Office, 806-742-2110, <http://www.depts.ttu.edu/rise/>
Provides a range of resources and support options focused on prevention education and student wellness.
- Texas Tech Police Department, 806-742-3931, <http://www.depts.ttu.edu/ttpd>
To report criminal activity that occurs on or near Texas Tech campus.