

Economics 640:
Domestic and Global Business Environment
Fall Semester, 2010
Towson University/University of Baltimore

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Office hours: Thursday 3:20 PM to 5:30 PM, and by appointment

Syllabus

Course Objectives:

Domestic and Global Business Environment is a course that draws on economics as its primary discipline. Current problems and lessons from history are woven throughout. The emphasis is on developing an economic framework for understanding the domestic and global environment of business. At the same time, implications of this framework for business management are continually drawn.

Texts:

Wiley and Mackey, *Be the Solution: How Entrepreneurs and Conscious Capitalists Can Solve All the Worlds Problems*, (Wiley) ISBN-10: 0470450037

Coase, Ronald: *The Firm, the Market, and the Law*, University of Chicago Press (February 15, 1990) ISBN-10: 0226111016

Frank, Robert *The Economic Naturalist*, Basic Books (May 21, 2007) ISBN-10: 046500217X

Roberts: *The Choice: A Fable of Free Trade and Protectionism, Revised Edition* (Prentice Hall, 2001) ISBN: 0-13-087052-8

Smith, Adam *An Inquiry into the Nature and Causes of The Wealth of Nations*

<http://www.econlib.org/library/Smith/smWN.html> (Purchase not necessary, just read off the web)

Thaler: *The Winner's Curse*, Princeton University Press (January 10, 1994) ISBN-10: 0691019347

Grade Criteria and Policy:

Class Exercises:	20%
Midterm Essay:	35%
Final:	45%

These percentages are non-negotiable, barring extreme circumstances. Class Exercises will be group dialogues followed by brief presentations. Each dialogue should result in bullet point answers to key questions, and the names of all members with an asterisk by the presenter. Everyone must present at least once during the semester.

Final course grades will be assigned on the following:

92 - 100	A
90 - <92	A-
88 - <90	B+
82 - <88	B
80 - <82	B-
78 - <80	C+
71 - <78	C
68 - <71	D+
60 - <68	D
<60	F

A note regarding questions (and whining):

I am more than willing to answer any questions after an exam. I am also willing to indulge a certain amount of whining about your grade. But, you must afford me *24 hours* after an exam/assignment has been returned if you expect any help or sympathy. The typical marathon of grading that precedes a returned exam leaves me in a less than generous demeanor. It is best to let this time pass.

Course outline:

PART ONE – THE MARKETPLACE

WEEK ONE - INTRO
HOUSEKEEPING

Know the syllabus, the readings, the requirements, the grading system

ECONOMICS REFRESHER

THE IMPORTANCE AND INEVITABILITY OF MODELS

WEEK TWO – KNOWLEDGE AND PRICES

Hayek: “The Use of Knowledge in Society” American Economic Review, 1945 [Get from JSTOR]

Surowiecki: “Decisions, Decisions”

http://s3.amazonaws.com/vator_production_in/2594_Decisions_Decisions.pdf

Sushil Bikhchandani, David Hirshleifer and Ivo Welch “Learning from the Behavior of Others: Conformity, Fads, and Informational Cascades” *The Journal of Economic Perspectives* Vol. 12, No. 3 (Summer, 1998), pp. 151-170 [Get from JSTOR]

WEEK THREE - ENTREPRENEURSHIP

Von Mises: “Profit and Loss” – Pages 1 -26

<http://mises.org/books/profitloss.pdf>

Russ Sobel: “Entrepreneurship”

<http://www.econlib.org/library/Enc/Entrepreneurship.html>

WEEK FOUR- WHY DO FIRMS EXIST?

Coase – “The Firm, The Market, And The Law” – Chapters 1, 2, 4, 5, and 7

PART TWO - ECONOMIC PROBLEMS AND SOLUTIONS

WEEK FIVE – MARKET BASED MANAGEMENT

Market based Management: Intro and Case Study

<http://www.mbminstitute.org/uploads/MBM%20at%20Nucor1.pdf>

WEEK SIX – The Rule of Law and Regulation

Levy: “Microsoft Redux: Anatomy of a Baseless Lawsuit”

<http://www.cato.org/pubs/pas/pa352.pdf>

McTigue: “Alternative to Regulation: A Study of Reform in New Zealand”

<http://www.cato.org/pubs/regulation/regv21n1/21-1f3.pdf>

WEEK SEVEN – HEURISTICS AND BIASES

Thaler – Chapters 1, 2, 3, 6, 7, 8

Surowiecki “In Praise of Third Place”

<http://www.waffler.org/wp-content/uploads/2009/05/surowiecki20061.pdf>

WEEK EIGHT - CURRENT EVENTS DISCUSSION (MIDTERM ESSAY DUE)

Probably Health Care this semester. Readings to be assigned week of.

PART THREE – THE DIVISION OF LABOR

WEEK NINE INCENTIVE STRUCTURES

Richard T. Holden “The Original Management Incentive Schemes” *The Journal of Economic Perspectives*, Vol. 19, No. 4, (Autumn, 2005), pp. 135-144

David E. M. Sappington “Incentives in Principal-Agent Relationships” *The Journal of Economic Perspectives*, Vol. 5, No. 2, (Spring, 1991), pp. 45-66

WEEK TEN THE WEALTH OF NATIONS

Smith, Adam *The Wealth of Nations*, Book 1 Chapters 1-3

Stigler, George “The Division of Labor is Limited by the Extent of the Market” *Journal of Political Economy*, 1951 volume 59, No. 3

Alchian, "Uncertainty, Evolution and Economic Theory," *JPE*, June, 1950.

WEEK ELEVEN CONSCIOUS CAPITALISM AND CORPORATE SOCIAL RESPONSIBILITY

Be the Solution Chapters 1-7

WEEK TWELVE INTERNATIONAL TRADE/GLOBALIZATION

(10) Roberts: *The Choice*

Cowen & Tabarrok Chapter 8: International Trade and Globalization

WEEK THIRTEEN PUBLIC GOODS, THE ENVIRONMENT, AND OTHER PUBLIC GOODS

Be The Solution, Chapter 8

Robert Deacon “Creating Marine Assets: Property Rights in Ocean Fisheries”

<http://www.perc.org/files/ps43.pdf>

WEEK FOURTEEN ECONOMICS OF DAY TO DAY BUSINESS

(10) Frank *The Economic Naturalist*, Chapters 1-4, 7, 9

WEEK FIFTEEN FINAL EXAM PREP AND CORPORATE SOCIAL RESPONSIBILITY: IS IT FEASIBLE?

No assigned reading

FINAL EXAM

Standard Syllabus Stuff

Repeated Courses: Students may not repeat a course more than once without prior permission of the Academic Standards Committee.

Students with Disabilities: In accordance with university policy, if you have a documented disability and require accommodations to obtain equal access in this course, please contact me at the beginning of the semester and when given an assignment for which an accommodation is required. Students with disabilities must verify their eligibility through the Office of Disability Support Services (AD 232).

Course Withdrawal: Please note that the last day to drop the class is Wednesday, September 10th. Students dropping on or before this date will receive a “W” on their official transcript. Withdrawal after that date will require an assignment of a letter grade for the course.

Academic Integrity: All students are expected to abide by Towson University’s policy on academic integrity. The policy is available online: <http://wwwnew.towson.edu/provost/resources/studentacademic.asp>. I will pursue the maximum allowable penalty for any violation of academic honesty or integrity.