

# **Economics 3010**

## **Economics of Innovation and Entrepreneurship**

Spring 2009 | Dr. O. M. Amos

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### **Syllabus**

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#### **WHY WE ARE HERE:**

[Schedule and Readings](#)

The goal of this course is to explore the process of economic innovation and entrepreneurship, from both microeconomic and macroeconomic perspectives. Key topics include risk and uncertainty, the psychology of innovation, institutional change, product versus process innovation, the externality of innovation, innovation profit, innovation life cycle, innovation diffusion, business cycle instability.

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#### **READ THIS SYLLABUS:**

This syllabus provides information about course policies and procedures. You are responsible for all information contained in this syllabus, including the attached schedule of events. If you have any questions about the information provided in this syllabus, contact me within the first two weeks of the semester.

I reserve the right to change, modify, or correct this syllabus. Any changes will be announced in class.

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#### **CLASS FORMAT:**

This class has a standard in-class-lecture, ask-the-instructor-questions format. During regular class periods, I will lecture on required relevant topics. I encourage class participation. Please feel free to ask questions or offer any insights that you have the topic at hand.

The class lectures and discussions are supplemented with outside readings. Please keep up with the readings.

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#### **PREREQUISITE:**

3 credit hours in economics.

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#### **3010 WEBSITE:**

A website has been set up for this class. The address of this **3010 Website** is:  
<http://www.amosweb.com/3010/>

The website contains this syllabus, a schedule of events, topic outlines, and a list of readings.

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## **TEXTBOOK:**

There is no "standard" textbook for this course. In lieu of a textbook, I have put together a set of readings. These readings are online and freely accessible without charge. A list of [required readings](#) is attached to this syllabus and posted to the **3010 Website**.

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## **OFFICE AND OFFICE HOURS:**

My office is in Room 421 of the Spears School of Business. My office hours are: **1:00 to 2:25 pm MWF**. I might adjust office hours as the semester progresses. Any changes will be announced in class.

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## **EMAIL AND TELEPHONE:**

I recommend that you contact me by email if you can, especially on TT, MWF mornings, and weekends. I have set up a special email address just for this class. It is [e3010@amosweb.net](mailto:e3010@amosweb.net). Please use this **AND ONLY THIS** email address for all official class contact out side of class. My university telephone number is **744-8657**. Call me if you have questions or problems. If you cannot reach me at this number, I can almost always be reached during regular waking hours (9 am to 9 pm) on my cellphone, **385-1372**. Do not be shy about calling my cell phone!

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## **EXAMS:**

Two 100-point exams will be given -- a midterm and a final. Each regular exam will be 4-6 short answer essay questions. The midterm will cover the first half of the course and the final exam will be comprehensive, but will emphasize the material in the second half of the course. The exam dates are listed in the attached [class schedule](#).

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## **TERM PAPER:**

A 100-point, 10-15 page term paper will also be required. The specific topic of the paper is up to you, but should be related to the course content. I expect you to use what you have learned in the course to prepare your paper. You should have a tentative topic by the midterm, but you are encouraged to develop and even modify this topic as the semester progresses. I will require that you turn in a brief (1-2 paragraphs) overview of the paper before the midterm exam, then a detailed outline the last day of the class prior to pre-finals week. Contact me for assistance in selecting and developing your topic. The overview and outline is each worth 25 points.

The paper should be typed and double-space, using standard rules for format and reference citations. I would expect at least a half dozen reference citations. If you are thinking about downloading a completed term paper off the Internet or otherwise plagiarizing a published work -- DON'T! I expect original work. I expect you to study a topic, learn the topic, the write what you have learned.

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## MAKEUP EXAMS:

As a general rule I do not like to give makeup exams. Makeup exams are bound to be more difficult. Avoid them if at all possible. I expect you to make it a priority to take both exams when scheduled. This course may not be the most important thing you do this semester, but don't let me know that. If you know you will have a conflict before an exam (doctors appointment, vacation, school event, etc.), make every effort possible to rearrange your schedule to attend the exam. If not, contact me before the exam. If you unexpectedly miss an exam (malfunctioning vehicle, cancelled airline flight, illness, etc.), then contact me as soon as humanly possible after the exam.

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## GRADES:

The grading scale is based on a 350-point total, including 200 points from exams, 100 points from term paper, 25 points for the overview, and 25 points for the outline. The minimum points required for each letter grade is presented below. These required point totals might be lowered, but they will not be raised. The following grading scale is guaranteed:

| Points | Percent | Grade |
|--------|---------|-------|
| 315    | 90      | A     |
| 280    | 80      | B     |
| 245    | 70      | C     |
| 210    | 60      | D     |

## ATTENDANCE:

Class attendance is not "required," but it is highly, strongly recommended. **You may miss class at your own risk.** If you miss class, it is your responsibility to keep up with lectures, readings, assignments, announcements, exam dates, and anything else that we do in class.

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## MORE INFORMATION:

**You must also keep track of exam dates, including the final exam, and all official university deadlines, such as the last day to drop and add or to withdraw from the university.**

For additional information provided by the university concerning dropping and adding courses, academic integrity, important dates, etc. please visit the official OSU webpage.

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## Class Schedule: Topics, Readings, and Exams

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I reserve the right to change, modify, or correct this schedule. Any changes will be announced in class.

### Week 1

- January 12 to January 15
  - **Topic:** Read the Syllabus
  - **Topic:** Setting the Economic Stage
  - **AmosWEB Readings:**
    - [economics](#)
    - [scarcity](#)
    - [macroeconomics](#)
    - [microeconomics](#)
    - [innovation](#)
    - [entrepreneurship](#)
    - [technology](#)

### Week 2

- January 19
  - No Class -- University Holiday Day
- January 21
  - **Topic:** Setting the Economic Stage (Continued)

### Week 3

- January 26 to January 28
  - **Topic:** Information
  - **Topic:** Risk and Uncertainty
  - **AmosWEB Readings:**
    - [economics of information](#)
    - [economics of uncertainty](#)
    - [information](#)
    - [information search](#)
    - [risk](#)
    - [uncertainty](#)
    - [risk preferences](#)
    - [marginal utility of income](#)

### Week 4

- February 2 to February 4
  - **Topic:** Psychology of Risk

- AmosWEB Readings:
  - [behavioral alternatives](#)
  - [entrepreneurial behavior](#)
  - [managerial behavior](#)
  - [novel information](#)
  - [redundant information](#)

## Week 5

- February 9 to February 11
  - Topic: Institutions
  - AmosWEB Readings:
    - [institution](#)

## Week 6

- February 16 to February 18
  - Topic: Product and Process Innovations
  - AmosWEB Readings:
    - [product innovation](#)
    - [process innovation](#)

## Week 7

- February 23 to February 25
  - Midterm Exam Review
  - Midterm Exam
  - February 25: Term Paper Overview Due (25 points)

=> **Midterm Exam (100 points):** February 25

## Week 8

- March 2 to March 4
  - Topic: Externalities and Public Goods
  - AmosWEB Readings:
    - [good types](#)
    - [public goods](#)
    - [private goods](#)
    - [near-public goods](#)
    - [common-property goods](#)
    - [consumption rivalry](#)
    - [nonpayer excludability](#)

## Week 9

- March 9 to March 11
  - Topic: Market Structures
  - AmosWEB Readings:
    - [market structures](#)

- [market structure continuum](#)
- [perfect competition](#)
- [monopoly](#)
- [monopolistic competition](#)
- [oligopoly](#)
- [market control](#)

## Week 10

- March 16 to March 18
  - No Class -- Spring Break

## Week 11

- March 23 to March 25
  - **Topic:** Market Structure Evolution
  - **AmosWEB Readings:**
    - [innovation and market structures](#)

## Week 12

- March 30 to April 1
  - **Topic:** Innovation Profit
  - **AmosWEB Readings:**
    - [profit](#)
    - [normal profit](#)
    - [economic profit](#)
    - [monopoly profit](#)
    - [innovation profit](#)

## Week 13

- April 6 to April 8
  - **Topic:** Innovation Diffusion
  - **AmosWEB Readings:**
    - [innovation diffusion](#)
    - [market share](#)

## Week 14

- April 13 to April 15
  - **Topic:** Macroeconomic Instability
  - **AmosWEB Readings:**
    - [business cycles](#)
    - [business cycle phases](#)
    - [fiscal policy](#)
    - [monetary policy](#)
    - [expansionary fiscal policy](#)
    - [contractionary fiscal policy](#)
    - [expansionary monetary policy](#)

- [contractionary monetary policy](#)

## Week 15

- April 20 to April 22
  - **Topic:** Macroeconomic Instability (Continued)
  - **AmosWEB Readings:**
    - [alternative business cycles](#)
    - [creative destruction](#)
  - April 22: Term Paper Outline Due (25 points)

## Week 16

- April 27 to April 29
  - Pre-finals Week
  - Discuss Grades and Review for Final
  - April 29: Term Paper Due (100 points)

=> **Final Exam (100 points):** May 8, 2:00 to 3:50 am