

**San José State University
Economics Department
Econ 158, Sec 1, Spring 2019**

**Economics of Entrepreneurship
Course Code - 28419**

Instructor:	John Estill
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Office Hours:	Tuesdays 10:30 am – noon and by appointment
Class Days/Time:	Tuesdays and Thursdays, 3:00 pm to 4:15 pm
Classroom:	Engineering 343
Prerequisites:	Econ 1A and Econ 1B

Email is the fastest way to contact me. Voicemail is the slowest. I guarantee a 48-hour electronic response. I am usually on campus from 9 a.m. until 4:30 p.m. on Tues. If my door is open, I am available. If it is not, please knock.

Technology Intensive Course

Several components of this class require electronic access including quizzes given through iClicker (cell phones, computers, or loaned clickers), discussion topic responses through Canvas, and electronic access to the textbook and supporting materials if the student so chooses. Students will also do homework assignments through the online homework element InQuizitive.

MYSJSU Messaging

Course materials such as syllabus, handouts, notes, assignment instructions, etc. can be found on Canvas Learning Management System course login website at <http://sjsu.instructure.com>. You are responsible for regularly checking with the messaging system through MySJSU at <http://my.sjsu> to learn of any updates.

Course Description

Examines how economists have approached the phenomenon of entrepreneurship, from its behavioral foundations to its effects on economic growth and progress. Explores the

role of entrepreneurship in theory and policy, and emphasizes its cultural, legal, and political determinants.

This is a four-unit course. Success in this course is based on the expectation that students will spend, for each unit of credit, a minimum of 45 hours over the length of the course (normally three hours per unit per week) for instruction, preparation/studying, or course related activities, including but not limited to internships, labs, and clinical practice. Other course structures will have equivalent workload expectations as described in the syllabus. Additional information can be found at:

- [University Syllabus Policy S16-9](http://www.sjsu.edu/senate/docs/S16-9.pdf) at <http://www.sjsu.edu/senate/docs/S16-9.pdf>.
- Office of Graduate and Undergraduate Programs' [Syllabus Information web page](http://www.sjsu.edu/gup/syllabusinfo/) at <http://www.sjsu.edu/gup/syllabusinfo/>

Course Goals

The goal is to promote both economic understanding and application (Econ SLO 1 & 2). Specifically, students are expected to gain familiarity with analytical methods and model-based argument; and relationships between verbal, graphical, mathematical and statistical representations of economic ideas and analysis (Econ SLO 1.3).

Course Learning Outcomes:

Upon successful completion of this course students will be able to:

CLO 1: Apply economic reasoning as it relates to policies impacting entrepreneurship.

CLO 2: Explain the impact of various institutions on entrepreneurial activity in the short run and long run.

CLO 3: Evaluate various public policies for their effect on entrepreneurial activity

PLO 4. Identify the role of the entrepreneur in a market economy (Area specialty)

PLO 5. Through a written report and presentation, demonstrate understanding of various components of entrepreneurial activity in practice (Communication)

Required Textbook/Readings

Textbook

Harper, David A. 2003. *Foundations of Entrepreneurship and Economic Development*. London: Routledge. ISBN-13: 978-0415459204. Available for purchase in paperback and free in pdf format in this Canvas course and at Mises.org.

Other Readings

Additional Readings (Available on Canvas):

“The Law” (excerpts) – Frederic Bastiat

“The Austrian School” - Boettke

“The Use of Knowledge in Society” - F.A. Hayek

“Competition as a Discovery Procedure” – F.A. Hayek

Law, Legislation and Liberty – Chapter 2 – “Cosmos and Taxis” – F.A. Hayek

“Entrepreneurship and Economic Growth” – Randall Holcombe

Competition and Entrepreneurship – Chapters 1 and 2 (pages 30 – 52 only) – I. M. Kirzner

The Tacit Dimension – Pages 3-25 – M. Polanyi

Capitalism, Socialism and Democracy – Chapters 6 and 7 – J.A. Schumpeter

A Conflict of Visions - Chapter 2 - “Constrained and Unconstrained Visions” – Thomas Sowell

“The Essential Fact About Capitalism.” - Kate Incontrera

“Why failing well is the key to success.” - Megan McArdle

Other technological requirements – Clickers

I will be using REEF Polling as a student response system in class this term. REEF Polling helps me to understand what you know and gives everyone a chance to participate in class. I will use REEF Polling to keep track of participation which represents 10% of your final grade.

Device Options:

You will have several options available to participate in clicker sessions:

REEF Polling App: Allows you to use your smart phone, tablet, or even laptop in class as a clicker to participate.

Clicker Remote: You can request to borrow a Clicker remote from eCampus (<http://www.sjsu.edu/at/ec/>) for free. Remotes are to be returned to eCampus at the end of the semester.

How to Request REEF Polling (smart phone, tablet, and laptop users)

This semester the University has obtained a site license to simply iClicker access. Please visit <http://www.sjsu.edu/ecampus/docs/iClicker%20Account%20-%20Setup%20Guide%20-%20Student.pdf> and follow the provided instructions. It is quick and easy.

How to Request a Clicker Remote

Send an email to <http://www.sjsu.edu/at/ec/> and request to loan a Clicker remote. Further instructions will be provided to you by eCampus on scheduling a pickup.

Cheating

I consider bringing a fellow student's Clicker to class to be cheating and a violation of the University Honor Code. If you are caught with a remote other than your own or have votes in a class that you did not attend, you will forfeit all clicker points and may face additional disciplinary action.

Course requirements and Assignments

On time attendance is required and your grade depends on verbal and written analysis of the primary and supplemental readings. The suggested readings may require several rereads. Plan your schedule accordingly. This course combines the theoretical understanding of readings with real skills in organizing projects. Understanding the readings is important, but not sufficient. The additional goal of this class is to apply and communicate ideas effectively to others.

Three separate assignments will be evaluated to measure how successfully students accomplish these learning outcomes. Among other assignments, students will complete one oral presentation, one written assignment, and one project with multiple elements. The first two assignments involve summarizing a reading, then identifying and describing three important elements within the reading that encourage or discourage entrepreneurial activity. To do well on these assignments, students must comprehend the channels by which various government and institutional arrangements affect entrepreneurship and innovation and communicate these effectively in both oral and written presentations. The final assignment is a project that requires students to apply these lessons by creating an innovation and presenting it to the class on the scheduled final day.

Final Examination or Evaluation

The final evaluation for this class is the \$100 Innovation Project. Students may create this project individually or join in groups up to four members. Students will be expected to use the core ideas presented in the class through the readings, analyses, and presentations to create and market a unique product, service, or other idea.

Attendance Policy:

Missing class can reduce your grades through preparation for the homework, quizzes, and exams. If you miss class, please refer to my website or find out from a fellow student what you missed, get relevant assignments, and do the work to catch up. Missing exams is not an option except under circumstances of medical excuse or a death in your family (documentation necessary in either case). Please come to class on time. Chronic tardiness will result in reduced quiz points commensurate with the degree of tardiness.

Grading Information:

Your numerical grade will be based on the following categories and weights:

Quizzes and participation	10%
Online Discussion	10%
Presentations	10%
Written Analysis	20%
Exam 1	20%
Exam 2	20%
Innovation Project	10%

Participation will include an online discussion board where students will post for each reading. Exams and quizzes may consist of multiple choice, short answer, graphical, and essay questions. Quizzes will be at the beginning of each new reading and will cover material in the readings assigned for that day. The final evaluation will consist of effectively using the concepts developed over the semester.

There are detailed descriptions of the online discussions, class presentations, the written analyses, and the innovation project that include outlines and rubrics that can be accessed in the Files>Class Materials section of Canvas for this class. Please familiarize yourself with the description before beginning each assignment. Quizzes will consist of five multiple choice questions covering each reading. Exams will be made up of multiple choice, short answer essay, and long answer essays with specifics that are covered in class.

All assignments are mandatory and due dates are firm. Missed assignments will be graded as zero and late assignments will lose up to ten points per week at the discretion of the instructor.

I do *not* use a grading curve nor do I round up. Your final numerical grade will be the weighted average of your scores in the above categories, and your corresponding letter grade will be assigned as follows:

Percent	Grade	Percent	Grade	Percent	Grade
98-100%	A+	93-97%	A	90-92%	A-
88-89%	B+	83-87%	B	80-82%	B-
78-79%	C+	73-77%	C	70-72%	C-
68-69%	D+	63-67%	D	60-62%	D-
0-59%	F				

Final Exam Schedule: Tuesday, May 21, 2019 from 2:45 pm to 5 pm in Engineering Room 343.

Consent for Recording of Class and Public Sharing of Instructor Material

[University Policy S12-7](http://www.sjsu.edu/senate/docs/S12-7.pdf), <http://www.sjsu.edu/senate/docs/S12-7.pdf>, requires students to obtain instructor's permission to record the course and the following items to be included in the syllabus:

- “Common courtesy and professional behavior dictate that you notify someone when you are recording him/her. You must obtain the instructor’s permission to make audio or video recordings in this class. Such permission allows the recordings to be used for your private, study purposes only. The recordings are the intellectual property of the instructor; you have not been given any rights to reproduce or distribute the material.”
 - Under certain circumstance, students may record instructor material in this class. In order to do so, a student must have written permission from the instructor that outlines what will be recorded, when the material will be recorded, the use of the material that is recorded, and with whom the material will be shared. The instructor will provide a form for this approval.
 - In classes where active participation of students or guests may be on the recording, permission of those students or guests should be obtained as well.
- “Course material developed by the instructor is the intellectual property of the instructor and cannot be shared publicly without his/her approval. You may not publicly share or upload instructor generated material for this course such as exam questions, lecture notes, or homework solutions without instructor consent.”

SJSU Writing Center

The SJSU Writing Center is in Clark Hall, Suite 126. All Writing Specialists have gone through a rigorous hiring process, and they are well trained to assist all students at all levels within all disciplines to become better writers. In addition to one-on-one tutoring services, the Writing Center also offers workshops every semester on a variety of writing topics. To make an appointment or to refer to the numerous online resources offered through the Writing Center, visit the [Writing Center website](http://www.sjsu.edu/writingcenter) at <http://www.sjsu.edu/writingcenter>. For additional resources and updated information, follow the Writing Center on Twitter and become a fan of the SJSU Writing Center on Facebook.

Classroom protocol:

1. Classes feature group discourse. Please maintain proper decorum: no interruptions, disruptive talking, offensive language, and/or other improper conduct.
2. **Important** – this is a traditional, lecture-based course. I, therefore, encourage students to record the lectures if they believe doing so will help their studies. You must simply get my permission before doing so, following the instructions in Consent for Recording that follows. But, any use of laptops, tablets, cell phones (other than for iClicker quizzes), or other electronic devices for typing notes is prohibited in class. Studies have shown that students who take notes on these devices significantly impair their comprehension of the material. Students need to come prepared to take hand-written notes. Those who violate this prohibition will have half a point deducted from their final grade for the course (out of 100 points) for each and every infraction.

3. If you must leave early, please do so from the back of the class with as little disruption as possible.

University Policies

Per University Policy S16-9, university-wide policy information relevant to all courses, such as academic integrity, accommodations, etc. will be available on Office of Graduate and Undergraduate Programs' [Syllabus Information web page](http://www.sjsu.edu/gup/syllabusinfo/) at <http://www.sjsu.edu/gup/syllabusinfo/>

Econ 158 / Economics of Entrepreneurship, Spring 2019 Course Schedule

We will use this as a guideline, so it is subject to change with sufficient notice.
Supplemental readings may be added during the semester.

Week	Dates		Topic	Reading Assignments
1		01-24	Introduction	Harper - Ch. 1
2	01-29		Austrian Economics	“The Austrian School”
		01-31	The Theory of Entrepreneurial Discovery	Harper - Ch. 2
3	02-05		The Theory of Entrepreneurial Discovery (cont.)	“The Use of Knowledge in Society” & “Competition as a Discovery Procedure” <i>The Tacit Dimension</i>
		02-07		
4	02-12		The Theory of Entrepreneurial Discovery (cont.)	“Cosmos and Taxis” <i>Capitalism, Socialism and Democracy</i> - Chapter 6 & 7
		02-14		
5	02-19		The Theory of Entrepreneurial Discovery (cont.)	<i>Competition and Entrepreneurship</i> – Chapter 1 & 2 (to page 52 only) “Entrepreneurship and Economic Growth”
		02-21		
6	02-26		The Psychological Determinants of Entrepreneurial Alertness	Harper – Ch. 3
		02-28		“The Constrained and Unconstrained Visions”
7	03-05		Review	Exam Review
		03-07	EXAM 1	Exam 1
8	03-12		Institutions	“The Law” Discuss Innovation Project
		03-14	Institutions I: Rule of Law, Property and Contract	Harper – Ch. 4
9	03-19		Institutions II: Money, Political and Legal Decentralization and Economic Freedom	Harper – Ch. 5
		03-21	Culture and Alertness	Harper – Ch. 6
10	03-26		Review elements of innovation project	Rough draft of innovation business plan due on Sunday 3/31 at 11 pm
		03-28	<i>The Call of the Entrepreneur</i>	
11	04-02		SPRING BREAK	No School
		04-04		
12	04-09		The Market Process Approach to Public Policy –	Harper – Ch. 7 pages 171-194
		04-11	The Entrepreneurial Experience #1	Guest Lecturer 1

13	04-16	04-18	Hard Core and Heuristics Policy and Policy Analysis The Entrepreneurial Experience #2	Harper – Ch. 7, pages 195-211 Guest Lecturer 2 Innovation Project Website due
14	04-23	04-25	Empirical Testing and Conceptual Development The Entrepreneurial Experience #3	Harper Ch. 8 Guest Lecturer 3
15	04-30	05-02	EXAM 2	Exam Review Exam 2
16	05-07	05-09	Entrepreneurship and Failure Entrepreneurial Experience #4	“Why failing well is the key to success” and “The Essential Fact About Capitalism” Guest Lecturer 4 Final Business Plan Due
17	05-21		FINAL EXAM – Innovation Presentations	<i>Monday, 2:45 pm – 5 pm, Eng 343</i> All Assignments must be submitted by 5/21/19 at 11:00 pm to be considered for final grades

Be prepared to discuss the readings on the assigned dates. Note the reading assignments line up with the date due.

References to Required and Supplemental Readings

1. Bastiat, F. 1998. *The Law*. Irvington-on-Hudson, NY: Foundation for Economic Education.
2. Harper, D. A. 2007. *Foundations of Entrepreneurship and Economic Development*. London: Routledge.
3. Hayek, F.A. 1945. “The use of knowledge in society.” *American Economic Review*, 35: 519-530.
4. Hayek, F.A. 2002. “Competition as a discovery procedure.” *The Quarterly Journal of Austrian Economics*, Vol 5, No. 3, pp. 9-23. (Translation from German of Hayek’s 1968 lecture “Der Wettbewerb als Entdeckungsverfahren,” at the University of Kiel.)
5. Hayek, F.A. 1973. “Cosmos and Taxis.” *Law, Legislation and Liberty*. Chicago: University of Chicago Press.
6. Holcombe, R. 2006. “Entrepreneurship and economic progress.” New York: Routledge.
7. Incontrera, Kate. 2014. “The Essential Fact About Capitalism.” *The Daily Reckoning*. Online: available at <http://dailyreckoning.com/the-essential-fact-about-capitalism/>
8. Kirzner, I. 1973. *Competition and Entrepreneurship*. Chicago: University of Chicago Press.
9. McArdle, Megan. “Why failing well is the key to success.” *Cato’s Letter*, Spring 2014, Vol. 12, No. 2

10. Polanyi, M. 2009. *The Tacit Dimension*. Chicago: University of Chicago Press.
11. Schumpeter, J. 1934. *Capitalism, socialism, and democracy*. New York: Harper & Row.
12. Sowell, Thomas. 1987. *A Conflict of Visions*. New York: William Morrow and Co.
13. Gladwell, M. 2008. *Outliers: The Story of Success*. New York : Little, Brown and Co

Additional References (Contributions from Economics)

1. Acemoglu, Daron, Johnson, Simon, and Robinson, James. 2004. Institutions as the fundamental cause of long-run growth. NBER working paper no. 10481.
2. Acs, Z., & Audretsch, D. 1987. Innovation, market structure, and firm size. *Review of Economics and Statistics*, 71: 567-574.
3. Arrow, K. 1962. Economic welfare and the allocation of resources for invention. In R. Nelson (Ed.), *The rate and direction of inventive activity: Economic and social factors*: 609-626. Princeton, NJ: Princeton University Press.
4. Audretsch, D. 1991. New firm survival and the technological regime. *Review of Economics and Statistics*, 68: 520-526.
5. Baumol, W. J. 1989. Entrepreneurship in economic theory. *American Economic Review Papers and Proceedings*: 64-71.
6. Baumol, W. 1993. Formal entrepreneurship theory in economics: Existence and bounds. *Journal of Business Venturing*, 8: 197-210.
7. Baumol, W. 1996. *Entrepreneurship, management, and the structure of payoffs*. Cambridge, MA: MIT Press.
8. Becker, G., & Murphy, K. 1992. The division of labor, coordination costs, and knowledge. *Quarterly Journal of Economics*, 107: 1137-1160.
9. Casson, M. 1982. *The Entrepreneur*. Totowa, NJ: Barnes & Noble Books.
10. Caves, R. 1998. Industrial organization and new findings on the turnover and mobility of firms. *Journal of Economic Literature*, 36: 1947-1982.
11. Cohen, W., & Levin, R. 1989. Empirical studies of innovation and market structure. In R. Schmalensee & R. Willig (Eds.), *Handbook of industrial organization, vol. II*: 1060-1107. New York: Elsevier.
12. Dunne, T., Roberts, M., & Samuelson, L. 1988. Patterns of firm entry and exit in U.S. manufacturing industries. *Rand Journal of Economics*, 19: 495-515.
13. Ellig, J. 2001. *Dynamic competition and public policy*. New York: Cambridge University Press.
14. Evans, D., & Leighton, L. 1989. Some empirical aspects of entrepreneurship. *American Economic Review*, 79: 519-535.
15. Geroski, P. 1995. What do we know about entry? *International Journal of Industrial Organization*, 13: 421-440.
16. Gladwell, M. 2008. *Outliers: The Story of Success*. New York : Little, Brown and Co.
17. Gort, M., & Klepper, S. 1982. Time paths in the diffusion of product innovations. *Economic Journal*, 92: 630-653.
18. Khilstrom, R., & Laffont, J. 1979. A general equilibrium entrepreneurial theory of firm formation based on risk aversion. *Journal of Political Economy*, 87: 719-748.
19. Kirzner, I. 1997. Entrepreneurial discovery and the competitive market process: An Austrian approach. *Journal of Economic Literature*, 35: 60-85.

20. Knight, F. 1921. *Risk, Uncertainty and Profit*. New York: Augustus Kelley.
21. Mises, Ludwig von 1998 (reprinted from 1949). *Human Action*. Auburn, AL: The Ludwig von Mises Institute.
22. Shane, Scott and S. Venkataraman. 2000. The Promise of Entrepreneurship as a Field of Research. *The Academy of Management Review*, Vol. 25, No. 1, pp. 237-226.
23. Schubarth, Cromwell 2014. Why do startups fail? Here are the top 20 reasons. *The Silicon Valley Business Journal*, 9/25/1014. Available at :<http://www.bizjournals.com/sanjose/news/2014/09/25/why-do-startups-fail-here-are-top-20-reasons.html>
24. Editorial Staff 2014, Schumpeter: Entrepreneurs anonymous. *The Economist*, 9/18/2014. Available at <http://www.economist.com/news/business/21618816-instead-romanticising-entrepreneurs-people-should-understand-how-hard-their-lives-can>

Additional References (Contributions from SJSU Faculty)

1. Basu, Anuradha and Eser Altinay. 2001. The Interaction between Culture and Entrepreneurship in London's Immigrant Businesses. *International Small Business Journal* November 2002 vol. 20 no. 4 371-393.
2. Newel, Graham and Matthew Holian. 2011. "An agent-based model of entrepreneurship." Working paper.
3. Rangapriya Kannan Narasimhan & Sharon Glazer. 2005. "Nurturing corporate entrepreneurship: A cross-cultural analysis of organizational elements that foster corporate entrepreneurship," *International Journal of Entrepreneurship Education*. Article. Vol. 3. Issue 1, pp.31-56.
4. Skarbek, Emily. 2011. "The Entrepreneur as Expert." Working paper.

Related Centers at SJSU:

Silicon Valley Center for Global Innovation and Immigration. www.svcgii.sjsu.edu

Silicon Valley Center for Entrepreneurship. www.cob.sjsu.edu/svce/