

# ***ECONOMICS 4327: E-COMMERCE ECONOMICS***

FALL 2011, MWF 10:10-11:00, HCB 408

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OFFICE HOURS:  
Mondays and Wednesdays,  
MWF 8:00-9:00 and 12:15-1:15  
or by appointment, or when  
I am in and have time.

TEXTS: David VanHoose, *E-Commerce Economics*, 2<sup>nd</sup> Edition, Routledge, 2011

Jonathan Nuechterlein and Philip Weiser, *Digital Crossroads: American Telecommunications Policy in the Internet Age*, MIT Press, 2007

**COURSE DESCRIPTION:** Three hours. This course applies tools of economic analysis to evaluate the evolving role of electronic commerce in the U.S. and world economies. The course addresses theories of firm conduct and performance in the electronic marketplace; the role of information and e-commerce intermediaries; two-sided markets; the economics of Internet advertising; intellectual property rights of digital products; national and international public-policy issues of e-commerce; the financial and monetary implications of electronic trading; and the broader implications of e-commerce for U.S. and world economic activity. Prerequisites: Economics 2306 and 2307 or permission of the instructor.

## I. COURSE OVERVIEW:

- A. Course Goal: The overall goal of this course is to assist participating students in developing the skills required to assess the economic issues arising in the emerging e-commerce business environment.
- B. Broad Objectives of the Course:
  - 1. To assist students in assessing the broad economic implications of electronic commerce for the domestic and global business environment.
  - 2. To acquaint students with the public policy issues posed by electronic commerce and to help them develop analytical tools for analyzing these issues.

## II. GRADES AND GRADING POLICIES

- A. Examinations
  - 1. Administered in a short answer-essay format.
  - 2. "Make-up" policy:
    - a. Midterm exams:
      - 1) There are NO "make-up" midterm exams. NO EXCEPTIONS
      - 2) There are NO "early" midterm exams. NO EXCEPTIONS
      - 3) The weight of a missed midterm exam is *automatically* dropped; if all three midterm examinations are taken, the lowest score is automatically dropped. If two midterm examinations are missed, the weight of one midterm examination is placed on the final exam, which

then is worth 250 points. If all midterm examinations are missed, the final exam counts 350 points. ***NO EXCEPTIONS***

- b. Quizzes: There are no makeup quizzes. ***NO EXCEPTIONS***
3. Every student must take the final exam. There are ***NO*** "early" final exams. "Make-up" finals are given only if the student provides acceptable written documentation of circumstances that prevented the student's presence at the scheduled time. ***NO EXCEPTIONS***
  4. The final exam date and time appears in the schedule of classes and this syllabus, so it is your responsibility to know it. If you miss the final exam simply because you did not know the date and time of the exam, you will earn a score of zero for the exam.

B. Quizzes

1. At least four quizzes will be given on dates to be announced in class.
2. Each quiz will count 50 points; the best three scores will be counted in your final point total.

C. Grading

1. Each student's final grade is based on his/her ***total points*** earned on exams and quizzes, distributed as follows:

Midterm Exam #1	(September 21, in class)	100 Points
Midterm Exam #2	(October 10, in class)	100 Points
Midterm Exam #3	(November 4, in class)	100 Points
<b>Top Two Midterm Scores</b>		<b>200 Points</b>
Quizzes	(Dates to be announced; best three scores)	150 Points
Final Examination	(December 12, 9:00-11:00 A.M.)	150 Points
<b>Course Total</b>		<b>500 Points</b>

2. Determination of a final course grade is based on the following scale. I do not plan to deviate from this scale.

440 - 500 (88 - 100%)	A	300 - 359 (60 - 71.99%)	C
420 - 439 (84 - 87.99%)	B+	250 - 299 (50 - 59.99%)	D
380 - 419 (76 - 83.99%)	B	0 - 249 ( 0 - 49.99%)	F
360 - 379 (72 - 75.99%)	C+		

3. Attendance: I take attendance and follow Hankamer attendance policies. This means that if you are absent from more than 12 class meetings, you will fail this course. It is every student's obligation to be in class. Class meeting time is the single best opportunity for me to teach you the course material *and* to communicate to you important facts about exams, class assignments, etc. Beginning within one or two class meetings after the initial class meeting, a seating chart will be constructed. You will have the opportunity to help determine which seat you are assigned, and you will be ***required*** to sit in that seat for the entire semester. (See me, however, if a problem develops.)

"Bonus points" will be awarded using the following scale:

<u>Absences</u>	<u>Points Added to Your Total</u>
0 - 1	20
2	7
3 or More	0

Note that these are truly BONUS points: If you fail to earn these bonus points, the point total that you earn based upon your exam performances and the course paper is unaffected. Therefore, for purposes of bonus point tabulation, there are NO excused absences from class. NO EXCEPTIONS, for any reason. Attendance will be taken after class starting time of 10:10. I will take role by marking absences on an overhead projector transparency in full view of all students near the beginning of class. If you arrive late to class, it is your responsibility to see me immediately after that class meeting to correct my attendance listing. This will be your *final chance* to make certain you were not mistakenly counted as absent. After that opportunity, you will have no other way to appeal an absence you feel was incorrectly listed.

Special note to students who plan to miss a large number of classes: It is Hankamer's policy that both officially approved and unapproved absences count toward the 25 percent attendance limit for passing this course. Thus, if participation in a university-sponsored organization causes you miss several classes, those are absences that count toward Hankamer's 25 percent limit.

4. "Incomplete" Policy:
  - a. A student who misses the final exam will be awarded a temporary grade of incomplete only if a letter is received from a health care provider (or other source I deem acceptable) attesting to an illness or personal or family emergency. In the absence of such proof, the student will be awarded a grade based on his/her point total leading up to the final exam, including the zero earned on the final exam.
  - b. A student who misses the final exam and has an excused absence must take a make-up final exam as soon as possible after the conclusion of the semester and no later than the deadline specified by University policy.
  - c. Special note to students who plan to miss a large number of classes: It is Baylor's policy that both officially approved and unapproved absences count toward the 25 percent attendance limit for passing this course. Thus, if participation in a university-sponsored organization causes you miss several classes, those are absences that count toward Baylor's 25 percent limit.
5. Note to students who "need" a particular minimum grade in this course to meet graduation requirements: It is your responsibility to earn the grade that you wish to obtain to meet graduation requirements.
6. Note to students qualifying for support through Baylor's Office of Access and Learning Accommodation: To utilize OALA facilities for purposes of this course, you must do the following:
  - a. See me within the first week of classes to notify me of your OALA qualification and to discuss addressing your specific qualifications for OALA coverage within the context of this course.

- b. Turn in each form requesting to take quizzes and examinations with OALA at least one week before the scheduled date of the quiz or examination. (In some circumstances, I may be willing to relax this requirement, but only if doing so is feasible.) I generally do not allow OALA quizzes or tests to begin earlier than the scheduled time for the rest of the class.

7. Official Baylor Honor Code Statement:

**Students and Academic Integrity**

Baylor University policies require that students, staff, and faculty act in academic matters with utmost honesty and integrity. *It is the responsibility of each student to be familiar with the Honor Code and other university policies and procedures affecting academic integrity.* Students are also encouraged to consider these suggestions:

- Review each class syllabus for expectations your professor may have regarding course work and class attendance that go beyond those stated in university policies and guidelines and the Honor Code.
- Be familiar with the importance of academic integrity in class. Understand how citations show respect for other scholars.
- Talk with your professor if you are confused about citation practices or other research standards.
- Make sure you understand not only what counts as plagiarism and cheating, but also how to avoid engaging in these practices. Manage your time, take notes correctly, and use the Internet appropriately.
- Make sure you understand your professor’s guidelines about working with other students on assignments, receiving assistance from other students on assignments, citing sources, using notes or exams from previous or other classes, and accessing information during an examination. If in doubt – ASK YOUR PROFESSOR!
- Understand that penalties can result from dishonest conduct, ranging from failure of the assignment to immediate expulsion from the university.

For more information see the Baylor University Honor Code on the Academic Integrity Web page or contact the Office of Academic Integrity at 710-8882 or [Academic\\_Integrity@baylor.edu](mailto:Academic_Integrity@baylor.edu).

8. Note: Although my intention is to follow all policies laid out in this syllabus, I reserve the right to make changes in response to unanticipated events.

III. COURSE OUTLINE (Dates subject to some alterations)

<u>Date</u>	<u>Assignment</u>	<u>Topic</u>
August 22	Attend class; then read Chapter 1	Introduction and overview
August 24	Chapter 2	Revenues and costs of an Internet seller
August 26	Chapter 2	The electronic marketplace: A competitive paradise?
August 29	Chapter 2 (continued)	Playing monopoly, or trying—First movers as dominant firms

<u>Date</u>	<u>Assignment</u>	<u>Topic</u>
August 31	Chapter 3	Product differentiation, monopolistic competition, and virtual products
September 2	Chapter 3 (continued)	Oligopoly, network externalities, and network industries
September 5	No class	Labor Day holiday
Sept. 7-9	Chapter 3 (continued)	Oligopoly, network externalities, and network industries
Sept. 12	Chapter 3 (continued)	Product compatibility issues
Sept. 14-16	Chapter 4	Price discrimination and vertical integration on the Web
Sept. 19	Chapter 5	Imperfect information about product quality
<b>Sept. 21</b>	<b>Midterm Exam #1</b>	<b>Chapters 1-4</b>
Sept. 23	Chapter 5 (continued)	Quality signaling and product information
Sept. 26	Chapter 6	E-commerce intermediaries and two-sided markets
Sept. 28	Chapter 6 (continued)	Network externalities and two-sided pricing
Sept. 30	Chapter 6 (continued)	Competing platforms and multihoming
October 3	Chapter 7	Advertising and the Internet
October 5	Chapter 7 (continued)	Policy issues in Internet advertising
October 7	Chapter 8	Invention, innovation, and market structure
<b>October 10</b>	<b>Midterm Exam #2</b>	<b>Chapters 5-7</b>
October 12	Chapter 8 (continued)	Intellectual property rights and e-commerce
October 14	No class	Fall break
October 17	Chapter 9	Consumer protection and Internet privacy
October 19	Chapter 9 (continued)	Measuring market power in e-commerce and antitrust issues
October 21	No class	Study Chapter 9
October 24	Chapter 10	Regulation: Forms and Theories

<u>Date</u>	<u>Assignment</u>	<u>Topic</u>
October 26	Digital Crossroads, Chs. 1-3	Telecommunications regulation: How we got where we are
October 28	No class	Study Ch. 10, Digital CR Chs. 1-3
October 31	Chapter 10 (continued) Digital Crossroads, Chs. 4-5	Network neutrality
November 2	Chapter 11	E-commerce taxation
<b>November 4</b>	<b>Midterm Exam #3</b>	<b>Chapters 8-10, Digital CR Chs. 1-5</b>
November 7	Chapter 11 (continued)	Public goods, club goods, and the Internet
November 9	Digital Crossroads, Chs. 6-9	The digital spectrum and wireless regulation
Nov. 11	Digital Crossroads, Chs. 10-13	Universal service, digital TV, and the FCC
Nov. 14-16	Chapter 12	International trade and e-commerce
Nov. 18	Chapter 12 (continued)	International trade policy issues in e-commerce
Nov. 21	Chapter 13	Internet banking and finance
Nov. 23-25	No class	Thanksgiving break
Nov. 28	Chapter 14	Stored-value cards, smart cards, and digital cash
Nov. 30	Chapter 14 (continued)	E-money and monetary policy
December 2	Chapter 14 (continued)	E-commerce and the economy
December 5	The course	Final Q&A
<b>Dec. 12</b>	<b>Final Examination, 9:00-11:00 A.M.</b>	