Text/Readings:
There is no textbook for this class. Instead we will be using a set of readings compiled from various journal articles and books, in class videos, and my lectures. You must be sure to take good notes in class if you want to do well.

We will read the readings together in class. You will do much better in this course if you actually print them out and bring them, and highlight the parts I’m covering in class. That way when exam/study time comes you can go back and easily re-read the sections we covered in class. We often cover only a few selected paragraphs or pages in each article. I will try to give you an idea of which readings we will be covering for each class, but sometimes it is difficult to predict exactly how quickly or slowly we will get through the articles in advance. Printing ahead is the best option.

You may bring them in electronic format to class (on an iPad or laptop, for example). However, I would strongly suggest you do this only if you have software that can highlight only the sections we read and save the file for you to view later in its highlighted format. Also if you choose to do this, I will not tolerate you using your computer for personal use during class (no email, Facebook, etc.).

All of the readings in PDF format are on the website listed above (follow the link to “Course/Teaching Information”). Note that the full reading list is also provided at the end of this syllabus. Please note that the first reading (Section I, Part 2, by Gwartney, Stroup, Sobel, and Macpherson) is for reference only, you do not need to print it unless you want.

Course Description:
Three Credit Hours. This course explores the role of entrepreneurship in the free enterprise system, how government policies affect entrepreneurial activity within the United States and globally, and the moral and ethical dimensions of principled entrepreneurship. This course focuses on using the tools of economics to understand the entrepreneurial process, including the role of profits and losses, discovery, and creative destruction. Examines the legal forms of business organization, and the challenges involved in opening a business and writing a business plan.
Course Objectives and Learning Outcomes:
Upon completion of this course, you will be able to:
1. Discuss the nature of entrepreneurship and differentiate types of entrepreneurship
2. Understand the role of profits and losses, and of discovery, in the entrepreneurial process
3. Understand the moral and ethical dimensions of entrepreneurship, including the fundamentals of “principled entrepreneurship”
4. Understand the legal framework and financial markets within which entrepreneurs operate
5. Understand the steps involved in opening a business, including business plan development
6. Differentiate between productive and unproductive entrepreneurship
7. Evaluate public policies in terms of how they foster (or inhibit) productive entrepreneurship
8. Understand reasons why developing countries are having trouble fostering entrepreneurship

Grading:
Students will be graded on the basis of two in-class exams, a written assignment, and a combined “attendance/participation” grade (more details on each below). The grading weights and grading scale for the class are:

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<thead>
<tr>
<th>Grading Weights:</th>
<th>Grading Scale:</th>
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<tr>
<td>Mid-term Exam</td>
<td>30%</td>
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<tr>
<td>Final Exam</td>
<td>30%</td>
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<tr>
<td>Attendance/Participation</td>
<td>10%</td>
</tr>
<tr>
<td>Writing Assignment</td>
<td>30%</td>
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<td>100%</td>
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Mid-term Grades: Only 40% of your course grade will be due by midterm, so the midterm grade will be based on the Mid-term exam (75%) and attendance average as of midterm (25%).

a) In-class Exams:
There are two in-class exams: one midterm exam and one final exam. We will decide on the date for the midterm in class, and it will cover the material through the end of Part 5 or (preferably) 6 depending on when we have it. This exam will likely be during the 5th or 6th week of class, but will definitely be before midterm grades are due, October 19. The final exam will be held according to The Citadel’s final exam schedule: Saturday, December 9 at 8am (we will start at 9am as the exam will not take the entire period). If you need a calculator for an exam question, you are allowed to use the calculator on your phone, but if you do, you may only use it for the calculator function. Any other use of the phone during the exam will be a violation of the honor code.

b) Attendance/Participation Grade:
I will deduct from your grade in this area if you miss an excessive number of classes, are routinely late or leave early, text or sleep in class, or do not participate in the class discussions. The questions on exams will come from my lecture notes, in class videos, and from the readings we cover in class. The only real source of this material is in class, and thus I can assure you that your final grade will reflect your class attendance and whether you pay attention and take notes during the class sessions (including any videos).
c) Written Assignment:
For your assignment, I want you to read the article “Bernie Is Not a Socialist and America Is Not Capitalist,” by Marian Tupy (published March 1, 2016 in The Atlantic). It is linked on my website. Your assignment should summarize the main points of the article while showing off your knowledge of the articles we read in class by citing the ones that apply and are appropriate. In other words, prove to me that you can now read an article like this and understand it based on the readings we covered in class. As part of your essay be sure you prove to me you understand the differences between “Economic Freedom” (may be helpful to use the Chapter 1 reading from the Economic Freedom book that’s on the class website under Part 3) and capitalism and socialism paying attention to the nature of private property rights and entrepreneurship.

Your essay is due on Tuesday, November 7 at the beginning of class. Your essay should be 3 to 5 (typed, double spaced, 12 point font, 1 inch margins) and done in your own writing (not copied material from articles or websites or the work of others). Do not rely on quotes, in fact I would prefer you not use any direct quotes. I want this to be your ideas and words. You must turn in a hard copy to me, I will not accept the assignment by email unless it is an extreme case. Late assignments will have one letter grade deducted for every class period it is late.

Students with Disabilities:
If you need accommodations because of a disability, please contact Dr. Jane Warner in 103 Thompson Hall or call 843-953-1820 to schedule an appointment. If your request for accommodations has already been approved, and you have your accommodation letter, please see the instructor as soon as possible during office hours.

Student Code:
You are expected to understand and live by The Citadel Baker School of Business student code:
CIVILITY
I will treat classmates, professors, and CSBA staff with respect.
I will display a healthy tolerance for individual differences in demographics, gender, race, religion, and thought.
I will respect the authority rules, and regulations of The Citadel.
SCHOLARSHIP
I will continue to develop and demonstrate a passion for learning.
I will be intellectually honest.
BEHAVIOR
My behavior will be professional and ethical and reflected in my preparation for class, my attendance in class, my conduct in class, and my relationships within the CSBA community.
ATTITUDE
My attitude will reflect teamwork, personal responsibility, and a positive approach to being a member of the class.
Tentative Course Outline:

Section I: Entrepreneurship & Economic Theory

Part 1: What is the Definition of an “Entrepreneur”
1. What is the Definition of an Entrepreneur?
2. Types of Entrepreneurship
3. Is Self-Employment Entrepreneurship?

Part 2: Basic Economic Concepts
1. Eight Guideposts to Economics
2. Transactions Costs & Middlemen
3. Mechanisms of Trust / Personal & Impersonal Exchange

Section II: Capitalism & The Free Market: Understanding the Environment in which Entrepreneurship Takes Place

Part 3: Capitalism and Adam Smith’s Invisible Hand
1. Capitalism vs. Socialism: The Concept of Economic Freedom
   Reading: Gwartney, James, Robert Lawson, and Joshua Hall, Economic Freedom of the World, Chapter 1, Vancouver, B.C.: Fraser Institute.
2. Adam Smith the Father of Economics
3. The Invisible Hand Principle
   Reading: Read, Leonard, “I, Pencil,” Copyright from the Foundation for Economic Education.
4. The Types and Roles of “Institutions” as ‘Rules of the Game’
5. Specialization and the Division of Labor - Limited by the Extent of the Market
6. Is Greed Good? Selfishness and Cooperation

Part 4: The Role of Prices & The Profit & Loss System
1. Local Knowledge, Spontaneous Order, and The Results of Human Action not Human Design
2. The Role of Prices
3. The Profit & Loss System and Creative Destruction
   Reading: Schumpeter, Joseph A. “Creative Destruction,” from Capitalism, Socialism, and Democracy (1942).
4. Why Business Failure is Good
5. Market Discipline

Part 5: The Austrian Economics View of Entrepreneurship
1. The Austrian View
2. Do Profits Incentivize Discovery?
Section III: Entrepreneurial Ventures and The Marketplace

Part 6: Entrepreneurship & The Structure of the Firm
1. Legal Forms of Business Organization
2. Entrepreneurship vs. Intrapreneurship

3. Methods of Competition and Industrial Structure
4. The Economics of Pricing Policy

Part 7: Intellectual Property: Patents, Trademarks, and Copyrights
1. Understanding “Rights”: Natural Rights vs. Granted Rights / Positive vs. Negative Rights
2. The Incentives Created by Property Rights
3. The Argument for Patents
4. Types of Intellectual Property


Part 8: Starting a Business: Business Planning & Financing Entrepreneurial Ventures
1. Idea Assessment: Value Proposition
2. The Business Plan

*Readings:* Components of a Business Plan
3. Financing Entrepreneurial Ventures

4. Debate: Can Entrepreneurship be Taught?

Part 9: Location Matters: Government Policies, the Business Climate, and Entrepreneurship
1. Measuring Entrepreneurship

*Readings:* State Rankings of Entrepreneurial Activity
- Global Entrepreneurship Monitor Rankings
2. Measures of the Overall Business Climate

*Readings:* Economic Freedom of the World
- Chapter 1
- Doing Business Excerpt
- Economic Freedom of North America Excerpt
- Two Tables on Various State Business Climate Rankings
3. Economic Freedom and Prosperity

Section IV: Principled Entrepreneurship, Crony Capitalism, & The Distinction Between Productive & Unproductive Entrepreneurship

Part 10: Legal Plunder, Crony Capitalism, Productive & Unproductive Entrepreneurship
1. Introduction & Framework
2. Defining Voluntary vs. Coercion: Legal Plunder & Rent Seeking

*Reading:* Bastiat, Frederic, The Law [1850] excerpt (pp. 1-21 only).
3. Beneficial vs. Destructive Competition: Political and Legal Entrepreneurship


... Part 10 continued on next page...
5. Baumol’s Productive & Unproductive Entrepreneurship


Part 11: Principled Entrepreneurship, Ayn Rand, and Market Based Management

1. Principled Leadership: BB&T’s John Allison
2. Ayn Rand, Objectivism, & Atlas Shrugged
   Readings: Francisco d’Anconia’s Speech on Money from Atlas Shrugged by Ayn Rand (1957)
             John Galt’s Speech from Atlas Shrugged by Ayn Rand (1957) (mini-version excerpt)
3. Market Based Management
4. Summary: What is “Principled Entrepreneurship”?
   Reading: What is “Principled Entrepreneurship”?

Section V: Government Policy & Entrepreneurship


1. Richard Florida’s Rise of the Creative Class
2. Venture Capital & Entrepreneurship
3. Business Incubators
4. Tax Policy and Entrepreneurship
5. School Choice and Entrepreneurship

Part 13: Entrepreneurship in Developing Countries

1. Foreign Aid and the Natural Resource Curse
2. Micro lending
3. The Impact of Diversity and Fractionalization
4. The Importance of Property Rights & The Rule of Law
5. Entrepreneurship & Institutions: Lessons from the History of Entrepreneurship