

Economics 2720
Business History
Winter Semester 2016
Instructor: B. Ferguson
T, Th 2:30 – 3:50, Thornbrough 1307

Course Outline

There is a widespread tendency to assume that businesses, and in particular the structures of business organization with which we are familiar today, are relatively recent historical developments. It is often said, for example, that the corporation came into existence in the late 19th century, and that financial instruments such as options and derivatives are inventions of the twentieth century. Both of these statements are wrong. The structures which have been adopted by various types of business evolved as a response to the need to tackle certain types of problems. Traders in Classical Athens faced the same type of problems as do modern businesses, which explains why counterparts of our modern business and banking structures can be found as far back as written records exist. An understanding of why various types of organizational structure – the corporation, for example – have arisen as responses to similar types of problems throughout history goes a long way towards an understanding of the role business plays in modern society.

The purpose of this course is to give students an understanding of the role of business and entrepreneurship in economic activity and growth throughout history. It will look at types of business activities past and present, and consider similarities between business structures, despite differences in terminology, over time. In particular, it will consider the evolution of the partnership and of the corporation from their earliest appearances to the present day. The objective is to give students a broad perspective on what we mean when we speak of business and of entrepreneurship, and an understanding of how people thought about these concepts in the past. In addition, it will consider the role of entrepreneurs in driving economic growth.

Texts:

Required texts:

David S. Landes, Joel Mokyr, William J. Baumol: The Invention of Enterprise: Entrepreneurship from Ancient Mesopotamia to Modern Times Paperback, Princeton University Press 2012.

Jonathan Barron Baskin, Paul J. Miranti Jr: A History of Corporate Finance, Paperback, Cambridge University Press, 1999

The Landes et al. text covers the entire range of the course, while the Baskin and Miranti text covers corporate finance from the medieval period to the present.

Note: While there are textbooks for this course, it will be very much a lecture-based course. Students should plan accordingly. Lecture notes will not be posted on the web.

Evaluation:

There will be one midterm exam, to be written in class time on **Tuesday February 23**, worth 20% of the course mark, and a final exam, to be written **Monday April 18th 2016 at 11:30am** worth 55% of the course mark. The remaining 25 percent of the course mark will be on an essay of **not less than 2000 words**, with topic to be drawn from the list below. **There will be no deferred midterm exam.** Any student missing the midterm, or doing better on the final than on the midterm, will have the midterm weight automatically shifted to the final. **None of the essay weight will be shifted.** The due dates for the essay are set out below.

The essay must deal with the life cycle of **one** of the following firms: Stelco, Canadian Airlines International, Nortel, or the T. Eaton Company. Note that the life cycle of a company is not the same as the business cycle. You will be expected to discuss the evolution of the company about which you have chosen to write, through its entire life. Your sources may include non-academic sources but must include some academic sources (i.e. articles in academic journals). Wikipedia is not an acceptable source. Newspaper articles may be used, but should be assessed critically, since it is often the case that newspaper analysis of economic matters is wrong.

You must bear in mind that this is an economics essay, so the economic theory which you learned in first year economics courses and in this (and other) course should be applied to the essay topic. A purely descriptive essay will receive a lower mark than an essay which contains analysis. An essay will typically contain four sections - a brief introductory section, a section reviewing the company's history, an analytical section containing a discussion of why the company followed a particular cycle and a brief concluding section. It must include a bibliography, and references and the citations in the body of the text should follow the Chicago Style. Information about this style can be found on the University Library website at <http://www.lib.uoguelph.ca/get-assistance/writing/citations/chicago-style>. **The essay must focus on the firm's business decisions, and not simply on its stock market price.**

The essay submission will be in three stages. The first part, which indicates which firm you will be discussing and detailing what your key sources will be, no more than two pages in total, must be handed in **no later than class time on Tuesday, January 26**. The second part, containing your outline in no more than two pages, must be handed in **no later than class time on Thursday February 11**. No marks will be given for the first two hand-ins, but failure to hand them in will result in a loss of five of the 25 percentage points for the final essay grade for each unit not handed in. Failure to turn in both units will mean that the maximum grade which can be earned on the essay will be 15% of the final course grade. The final version of the essay, which must be no less than 2000 words, must be handed in **no later than class time on Tuesday**

March 22. Late submissions will be penalized by twenty percent per day. The final version must be a coherently written whole - it is not sufficient simply to attach the first two sections to the third without editing. Essays will be marked on the basis of clarity of exposition as well as content.

It is your responsibility as a student to be aware of and to abide by the University's policies regarding academic misconduct, e-mail communication, maintaining copies of out-of class assignments, what to do when you cannot meet a course requirement, and the drop date for the semester. You can find the following information below.

Academic Consideration

When you find yourself unable to meet an in-course requirement because of illness or compassionate reasons, please advise the course instructor in writing, with your name, id#, and e-mail contact. See the academic calendar for information on regulations and procedures for

Academic Consideration:
<http://www.uoguelph.ca/registrar/calendars/undergraduate/current/c08/c08-ac.shtml>

Academic Misconduct

The University of Guelph is committed to upholding the highest standards of academic integrity and it is the responsibility of all members of the University community, faculty, staff, and students to be aware of what constitutes academic misconduct and to do as much as possible to prevent academic offences from occurring.

University of Guelph students have the responsibility of abiding by the University's policy on academic misconduct regardless of their location of study; faculty, staff and students have the responsibility of supporting an environment that discourages misconduct. Students need to remain aware that instructors have access to and the right to use electronic and other means of detection. Please note: Whether or not a student intended to commit academic misconduct is not relevant for a finding of guilt. Hurried or careless submission of assignments does not excuse students from responsibility for verifying the academic integrity of their work before submitting it. Students who are in any doubt as to whether an action on their part could be construed as an academic offence should consult with a faculty member or faculty advisor.

The Academic Misconduct Policy is detailed in the Undergraduate Calendar:

<https://www.uoguelph.ca/registrar/calendars/undergraduate/2015-2016/>

Accessibility

The University of Guelph is committed to creating a barrier-free environment. Providing services for students is a shared responsibility among students, faculty and administrators. This relationship is based on respect of individual rights, the dignity of the individual and the University community's shared commitment to an open and supportive learning environment. Students requiring service or accommodation, whether due to an identified, ongoing disability or a short-term disability should contact Student Accessibility Services as soon as possible.

For more information, contact SAS at 519-824-4120 ext. 56208 or email csd@uoguelph.ca or see the website: <http://www.csd.uoguelph.ca/csd/>

Course Evaluation Information

Course Evaluation: You will be asked to complete an evaluation of this course at some time during the last two weeks of the semester. Course evaluation will be done in class. The Department of Economics policy regarding the conduct and use of these evaluations will be found at: <https://www.uoguelph.ca/economics/course-evaluation>

Drop date

The last date to drop one-semester courses, without academic penalty, is March 11th, 2016. For regulations and procedures for Dropping Courses, see the Academic Calendar:

<https://www.uoguelph.ca/registrar/calendars/undergraduate/2015-2016/>

Department of Economics and Finance Learning Objectives (skills and knowledge competencies) for this course:

Skills:

(a) Written Communication: Students will be required to write an essay of no less than 2000 words, in which they will apply the concepts covered in the course to the life cycle of one of four Canadian firms. The essay will be graded for clarity and written competency as well as content. It will have to fit the department's essay writing criteria, for content, referencing and bibliography.

(b) Problem solving: In the essay, students will be expected to be able to apply the concepts learned in this course to explaining the life cycle of a firm.

Knowledge:

(a) Microeconomic modeling: Students will apply the models of introductory microeconomics to understanding the role of business in the economy, the evolution of business structures, and the role of entrepreneurship in economic growth.

(b) Specific Markets: Students will be able to assess what types of business structure – corporations, partnerships etc, - are best suited to the characteristics of specific markets.

(c) Historical context: Students will understand how business structures evolved over time and the role which the evolution of entrepreneurship played in long run economic growth. They will recognize similarities in business structures and practices across historical periods.

(d) Economic policy: Students will judge how policies which affect business behavior affect the performance of the economy.