

## Fundamentals of Economics and Jewish Business Ethics: Course Outline

### Theory

#### Unit & Topic

- 1: Basic Principles (September/October)
- 1.1 Tradeoffs, risk/reward, gambling
  - 1.2 Supply and Demand
  - 1.3 Role of Government/Regulations
  - 1.4 Overcharging in Secular & Jewish Law
  - 1.5 Tragedy of the commons; public goods
  - 1.6 Defectors and Game Theory
  - 1.7 Nature of Money: Medium of Exchange
  - 1.8 Opportunity Cost and Benefits of Trade

- 2: Microeconomics (October/November)
- 2.1 Supply, Demand, Monopoly, Patents
  - 2.2 Oligopoly, Price Discrimination
  - 2.3 compli/supplements, demand curve
  - 2.4 Cost Curves (Fixed/Variable/Marginal)
  - 2.5 Maximizing Profit v Revenue
  - 2.6 Limiting Competition in Judaism
  - 2.7 Insufficient Demand, price stickiness
  - 2.8 Baumol's Cost Disease

- 3: Accounting (November/December)
- 3.1 Amortization and Depreciation
  - 3.2 Recognizing and Timing Revenue
  - 3.3 When is moment of Sale in Jewish Law
  - 3.4 Income Statement, Payables/receivables
  - 3.5 Assets, Liabilities, Equity & Dividends
  - 3.6 The Balance Sheet
  - 3.7 Cash Flow: Cash and Accrual Basis

### Real World Application of Theory Learned

#### Case Studies: Modern

- *DeBeers Diamond monopoly*
- *\$15 Seattle minimum wage*
- *overfishing in Africa*
- *NATO*
- *Climate change treaties*
- *Why LeBron James doesn't mow his own lawn*
- *Does Succa building make for the class budget?*

- *OPEC, Italian olive oil*
- *Quebec maple syrup, T&LC*
- *What are sports leagues?*
- *senior citizen discounts*
- *Why do restaurants stay open for lunch?*
- *Soaring costs in US health care and education sectors.*

- *Senior Food Sales and unused inventory*
- *Selling a medical practice*
- *How does a Kosher supervision agency balance its books?*
- *What is the value of a 10yr old car?*

#### Case Studies: Jewish Law and Business Ethics

- *gambling in Jewish Law (Sanhedrin 24b-25a)*
- *Rashbag breaks a cartel (Bava Batra 166a)*
- *Laws of Overcharging (Bava Metzia 49b-59b)*
- *Laws of the Commons (Bava Batra 17a-27b)*
- *Who should pay to support a community Eruv?*
- *Definition of Money and Commodity (44a-47b)*
- *Damages in terms of the opportunity cost (Bava Kama 83b-86a)*

- *Is their intellectual property in Jewish Law?*
- *As a moral law "entering someone's business" (Makot 24a)*
- *As an enforceable civil law: the poor person searching in a pile (Kiddushin 59a)*
- *As property rights or right to no competition (Bava Batra 21b)*
- *Does Jewish Life support giving a monopoly to a Shocheit?*

- *Timing the moment of sale (BM 48a-49b)*
- *Status of Inventory (Bava Kama 98b-99b)*
- *Interfaith Commerce (Bechorot 13a-13b)*
- *Sale of Chameitz in Jewish Law (Journal of Contemporary Halacha and Society LXIX)*
- *Status of Inventory in Jewish Law (Journal of Contemporary Halacha and Society LXXIV)*

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| <p>4: Marketing (January)</p> <p>4.1 Marketing: Creating your own Demand</p> <p>4.2 avenues of marketing: web, print, visual</p> <p>4.3 Science of Persuasion: branding</p> <p>4.4 Science of Persuasion: low/high track</p> <p>4.5 How to set a price, predictably irrational</p> <p>4.6 Judaism on unfair marketing practices</p> <p>4.7 Sales: manipulating self-concept</p>  | <p>- <i>Beanie Babies</i></p> <p>- <i>price decoys (Dan Arieli)</i></p> <p>- <i>knowledge asymmetry (or the internet and life insurance sales)</i></p> <p>- <i>ads on Facebook, Google</i></p> <p>- <i>antismoking advertisements</i></p> <p>- <i>third party kickbacks</i></p>  | <p>- <i>Laws of Marketing (Bava Metzia 60a-60b)</i></p> <p>- <i>Negotiating Positions (BB 88a, AZ 23b-24a)</i></p> <p>- <i>Gossip and Disparagement (Laws of Deiot, 7)</i></p>   |
| <p>5: Finance (February/March)</p> <p>5.1 The time value of Money</p> <p>5.2 Interest and types of loans and securities</p> <p>5.3 Interest in Jewish Law</p> <p>5.4 Financing for purchase: Home and Car</p> <p>5.5 Bonds, Risk and Rate of Return</p> <p>5.6 Stocks: Equity and Investing</p> <p>5.7 Diversification and the Random Walk</p> <p>5.8 fees &amp; taxes: index funds, commissions</p>                                     | <p>- <i>missing the 10 best days of the stock market</i></p> <p>- <i>Growth of investment in bonds, hedge funds, index funds</i></p> <p>- <i>A random walk on Wall St.</i></p> <p>- <i>Who benefits from Credit Cards: consumer, bank, or seller?</i></p>  | <p>- <i>Stock Ownership and Pesach and Shabbat – ownership or rights to a Divident?</i></p> <p>- <i>The Prohibition of Usury (BM 60b-75b)</i></p> <p>- <i>The Heter Iska Solution (Rav Moshe YD 2:62)</i></p> <p>- <i>Does Judaism have a concept of personal bankruptcy? (Bava Metzia 113a-114a)</i></p> <p>- <i>Laws of Pledges and Collaterals in Judaism (Bava Metzia 114b-116b)</i></p>   |
| <p>6: Labor and Taxation (March/April)</p> <p>6.1 child care: universal Pre-K, tax benefits</p> <p>6.2 health care: entitlement or pay for labor</p> <p>6.3 Home ownership and public schooling</p> <p>6.4 Retirement/Pension, and social security</p> <p>6.5 Taxation: Progressive/Regressive</p> <p>6.6 Employee rights in Judaism &amp; in US</p> <p>6.7 sales tax, VAT, pignovian taxes, nudge</p> <p>6.8 distribution of Income</p> | <p>- <i>Kodak v. facebook, tiers of employees</i></p> <p>- <i>Is it better to be Julian Edelman or Julian Edelman</i></p> <p>- <i>should actors pay more tax than bankers</i></p> <p>- <i>“Westchester” commuting times and tax rates</i></p> <p>- <i>Winners and losers in the United States Taxation System</i></p> <p>- <i>Who should pay for retirement?</i></p> | <p>- <i>Workers Rights: Lunch (Bava Metzia 83b-94a)</i></p> <p>- <i>Jewish Labor Law (Bava Metzia 76a-82b)</i></p> <p>- <i>Beyond the call of duty (83a)</i></p> <p>- <i>Should “charity” be “required taxation” (Bava Batra 8a-9b)</i></p> <p>- <i>Progressive and Regressive taxation (BB 7b)</i></p> <p>- <i>Maaser Kesafim</i></p> <p>- <i>How Long is a Billable Hour or Lunch Break</i></p> <p>- <i>Right to continued employment and Severance Payments (Tradition 37.4)</i></p> <p>- <i>Sick Time (Kiddushin 17)</i></p> <p>- <i>Pointless Tasks (Kiddushin 22b)</i></p> <p>- <i>Life Goals: Compensation, leisure, stress</i></p> |

7: Macroeconomics (June)

7.1 Defining Un/under-employment

7.1 Trade balances/protections, NAFTA

7.2 Measuring GDP, Cost of living, CPI

7.3 Currency manipulation and its effects

7.4 Have two democracies ever gone to war

7.5 politics: service of ideals or economics

7.6 unions and public sector unions

*- Did NAFTA benefit American workers?*

*- Should the US have a trade deficit?*

*- Why are countries manipulating their currencies?*

*- Are Classical Jewish Texts aware of the time value of money? (Laws of Shekalim, Chapter 1)*

*- Computing Pidyon Haben Values (YD 305)*