



JONES COLLEGE OF BUSINESS

Course Syllabus

ECON 2420--004 – Principles of Microeconomics (CRN: 52785)

Professor:	E. Anthon Eff
Class:	BAS S274 • MTWR 9:45-11:45 AM • Session 4 (7-6-15 to 8-7-15)
Office and Hours:	BAS N308 • MTWR 12:00-1:00
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Mission of the Jones College of Business:

- Set our students' foundation for life-long learning through high quality learning experiences resulting from quality teaching, classroom interactions, student professional organizations, service learning, and interactions with faculty outside the classroom.
- Further the scope and dissemination of the body of business knowledge through scholarly research that advances our disciplines, enhances teaching/learning, and improves outcomes of for-profit, not-for-profit, and governmental organizations.
- Contribute to the economic development of the region through our outreach programs.

We will produce career-ready undergraduate students, MBA, MAcc, MS, and PhD graduates prepared for career challenges and advancements, significant applied research, and consulting consistent with the expertise of our disciplines.

Students with Disabilities:

Students who have a disability that may require assistance or accommodation, or students who have questions related to any accommodations for testing, note takers, readers, etc., please speak with the course instructor as soon as possible. Students may also contact the Office of Disabled Student Services (898-2783) with questions about such services.

Lottery Scholarship:

To retain the Tennessee Education Lottery Scholarship eligibility, you must earn a cumulative TELS GPA of 2.75 after 24 and 48 attempted hours and a cumulative TELS GPA of 3.0 thereafter. A grade of C, D, F, FA, or I in this class may negatively impact TELS eligibility.

If you drop this class, withdraw, or if you stop attending this class you may lose eligibility for your lottery scholarship, and you will not be able to regain eligibility at a later time.

For additional Lottery rules, please refer to your Lottery Statement of Understanding form (<http://www.mtsu.edu/financial-aid/forms/LOTFOD.pdf>) or contact your MT One Stop Enrollment Counselor (<http://www.mtsu.edu/one-stop/counselor.php>).

Objectives: This course has two major objectives:

- 1) Help you as a businessperson. This course will provide you with an intellectual template useful for understanding features of markets: the forces that affect demand and supply; the ways in which businesses think of costs; the ways in which prices and wages are set.
- 2) Help you as a citizen: It was William James who said, "A great many people think they are thinking when they are merely rearranging their prejudices." A lot of what passes for economic wisdom is simply uninformed opinion or prejudice; this course will provide you with some understanding about the U.S. economy, helping you to decide intelligently which economic policies best fit your own preferences regarding America's future.

Grading: We will meet for 20 class periods. I will give 18 quizzes, one at the beginning of each class, except the first and last days of class. Each quiz will have at least three multiple choice questions, but often one or two more. I promise at least 70 quiz questions. A final exam will be given on Thursday, August 6. The final will consist of at least 30 slightly reworded questions from the quizzes. Thus, there will be at least 70 quiz questions and 30 final exam questions, for a total of 100 questions. *Each correctly answered question, on a quiz or the final exam, counts as one point toward your final grade.* A score of 90 and above is an 'A'; 89 is 'B+'; 81 to 88 is 'B'; 80 is 'B-'; 79 is 'C+'; 71 to 78 is 'C'; 70 is 'C-'; 69 is 'D+'; 61-68 is 'D'; 60 is 'D-'; and 0 to 59 is 'F'. If you miss a quiz, there will be no make-up quiz, and I do not curve. Instead, I will try to have enough extra questions on the quizzes and final to provide a reasonable chance for a good grade. In a typical class, a quarter of the students will make an 'A' and another quarter will make an 'F' or 'W'.

Course Format: Principles of Microeconomics is a lecture course. All material covered on quizzes will be discussed in class. Students are responsible for obtaining the lecture notes.

Course Materials: The course is lecture based, but I recommend that all students have a textbook for background reading. Any textbook will do, including older editions of current textbooks, or inexpensive or free online textbooks (try a Google search). Every student is required to read the *Wall Street Journal*. Please use this link to order: <http://www.wsj.com/studentoffer>, and be sure to select "Tony Eff" as the "referring professor" (the MTSU zipcode is 37132).

Comments

- Keep this syllabus. If you have questions about course requirements, the syllabus is the best source.
- You need to come to every class. If you miss a class, you must make arrangements to obtain notes from another class member. Don't ask me to clarify a topic covered on a day that you failed to attend class. If you think you will miss more than one class in this summer session, please take the course with an instructor who closely follows a textbook, and who gives few exams.
- I have certain expectations about student behavior. Students should pay attention, should take notes, and should put some energy into learning economics. Phones are absolutely forbidden in this class: they should be turned off and put away where they are not visible or accessible. Please, no sleeping, working on material from other classes, reading the paper, or gossiping during the lectures. If you need to leave class early, please let me know before class starts.
- I reserve the right to ask students to retake a quiz. I will invoke that right in cases where there is the slightest doubt regarding academic dishonesty.
- If, for any reason, you wish to drop the course, I will sign a drop slip. Please decide on your commitment to this course by the third quiz.

Following is a *tentative* list of topics.

1) What is Economics?

- a) Types of Economies: Reciprocity, Redistribution, and Markets
- b) Differences between Microeconomics and Macroeconomics
- c) Micro: deductive models assuming people motivated by self-interest
- d) Macro: circular flow diagram

2) Supply and Demand

- a) Product Markets:
 - i) Determinants of Demand.
 - ii) Determinants of Supply.
 - iii) Elasticities of Demand and Supply
 - iv) Government Interference with Markets:
 - (1) Excise Taxes
 - (2) Price Ceilings and Price Floors
- b) Financial Markets
 - i) stocks
 - ii) bonds
 - iii) foreign exchange
- c) Factor Markets (Labor Markets)
 - i) Determinants of Supply: ease of entry and attractiveness of occupation
 - ii) Determinants of Demand: Efficiency and Price of Output.
 - iii) Unemployment Rate and Tight Labor Markets.
- d) Factor Markets in International Trade (Bertil Ohlin)

3) The Profit-maximizing firm

- a) Total Product, Average Product, Marginal Product
- b) Total Revenue, Average Revenue, Marginal Revenue
- c) Total Cost, Average Cost, Marginal Cost, Fixed Cost

4) Market Structure

- a) Perfect Competition
- b) Monopoly
- c) Monopolistic Competition

5) Determinants of labor demand revisited

- a) Wage=value of the marginal product of labor
- b) The case under monopsony

Sample Quiz

Quiz 1: Please *print* your name *legibly*, as you wish to be called _____

Place the correct answer in the following spaces:

1) _____ 2) _____ 3) _____ 4) _____ 5) _____ 6) _____ 7) _____

1) Mad cow disease causes a panic in Britain, shifting the demand curve for British beef dramatically to the __?. Analysts wonder, what will be the effect on American beef? If Europe looks on U.S. beef as a safe replacement for British beef, then the price of U.S. beef should __?. If, however, American consumers *also* become worried about mad cow disease, then the price of U.S. beef should __?.

- a) left, rise, fall
- b) right, rise, fall
- c) right, fall, rise
- d) left, fall, rise
- e) none of the above

2) Cigarettes cost the U.S. public billions of dollars each year, in terms of higher health insurance premiums and higher expenditures on Medicaid and Medicare. Many analysts therefore advocate a higher cigarette tax, which would shift the __?_ curve for cigarettes __?_ by the amount of the tax. This would have the effect of __?_ the equilibrium quantity of cigarettes consumed and obtaining tax revenue which could be used to subsidize insurance premiums and public health programs, therefore offsetting some of the public costs of smoking.

- a) demand, to the right, increasing
- b) supply, downward, increasing
- c) demand, to the left, decreasing
- d) supply, upward, decreasing
- e) none of the above

3) Many fast-food restaurants hire most of their labor at the minimum wage. If the minimum wage increases, it is likely that the equilibrium price of fast food would __?_ and the equilibrium quantity of fast food would __?_. It is also likely that unemployment among teenagers would __?_.

- a) increase, decrease, increase
- b) decrease, increase, decrease
- c) increase, increase, decrease
- d) decrease, decrease, increase
- e) none of the above

4) When incomes rise, sales for most firms selling __?_ goods rise, causing profits to __?_, and making the demand curve for stocks shift to the __?_, so that stock prices __?_.

- a) inferior, rise, right, rise
- b) normal, fall, left, fall
- c) normal, rise, left, rise
- d) inferior, fall, left, fall
- e) none of the above

5) Suppose that stock traders believe that Cracker Barrel stock prices are the highest that they will ever be (i.e., they will be lower in the future). This will cause the demand curve for Cracker Barrel stock to shift to the __?_, the supply curve for Cracker Barrel stock to shift to the __?_, and the equilibrium price of Cracker Barrel stock to __?_.

- a) right, left, rise
- b) left, right, rise
- c) right, left, fall
- d) left, right, fall
- e) none of the above

6) Suppose that Disney attempts to acquire Pepsico. This causes the __?_ curve for Pepsico stock to shift to the __?_, leading to __?_ in the equilibrium price of Pepsico stock.

- a) demand, right, an increase
- b) supply, left, an increase
- c) demand, left, a decrease
- d) supply, right, a decrease

7) Bond yields can also be called __?_. As bond prices __?_, bond yields __?_.

- a) bond prices, rise, rise
- b) bond prices, rise, fall
- c) interest rates, fall, fall
- d) interest rates, fall, rise