



## JONES COLLEGE OF BUSINESS

### Course Syllabus

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## ECON 2410 – Principles of Macroeconomics (Honors)

<b>Professor:</b>	E. Anthon Eff
<b>Class:</b>	BAS S274 • Monday and Wednesday 12:40pm-2:05pm
<b>Office and Hours:</b>	BAS N308 • MW 2:30pm-3:30pm (or by appointment)
<b>Phone:</b>	615.898.2520 (ECFN main office); 615.898.2387 (my office phone)
<b>Email:</b>	<a href="mailto:Anthon.Eff@mtsu.edu">Anthon.Eff@mtsu.edu</a>
<b>Course Website:</b>	<a href="http://capone.mtsu.edu/eaeff/241/macroeconomics.htm">http://capone.mtsu.edu/eaeff/241/macroeconomics.htm</a>

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## Information specific to this course

### Course Objectives

- 1) Aid your development as a businessperson. You will learn enough about economic theory to understand how and why financial markets react to new information about macroeconomic variables such as interest rates, government spending, or consumer confidence.
- 2) Aid your development as a citizen. 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.

### 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. I am currently recommending the [free online macroeconomics textbook](https://openstax.org/details/books/principles-macroeconomics) by OpenStax.<sup>1</sup>

In addition, everyone is **required** to read the *Wall Street Journal*. Please [order via this link](https://r.wsj.com/PROFghnd): <https://r.wsj.com/PROFghnd>.

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<sup>1</sup> <https://openstax.org/details/books/principles-macroeconomics>. You might also try this [site with links to free economics textbooks](http://wikieducator.org/Economics_Textbooks_Free_and_Online) ([http://wikieducator.org/Economics\\_Textbooks\\_Free\\_and\\_Online](http://wikieducator.org/Economics_Textbooks_Free_and_Online))

## Course Format

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

## Grading

I will give 12 quizzes, each with at least five multiple-choice questions; at least 65 quiz questions will be given. A final exam, consisting of at least 35 slightly reworded questions from the quizzes, will be given on Monday, December 11, 12:30PM-2:30PM. Thus, there will be at least 65 quiz questions and at least 35 final exam questions (considering the extra questions, the actual total number of questions will be around 125). In addition, each student should turn in a five page, very well-written essay on one of the three books. The essay is worth a maximum of 10 points and is due the day of the final exam.

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' (In a typical honors class, about three-quarters of the students earn an 'A'). There will be no make-up quizzes and the grades will not be curved—the extra quiz points and essay should provide a sufficient buffer of points to give everyone a chance to achieve a good grade.

## Essay

I request that you read **one** of the following three books, and write an essay about it (due the day of the final exam):

- Kahneman, Daniel. (2013). *Thinking, Fast and Slow*. New York: Farrar, Straus and Giroux. ISBN: 0374533555.
- Levitt, Steven D., and Stephen J. Dubner. (2009). *Freakonomics: A Rogue Economist Explores the Hidden Side of Everything*. Harper Perennial. ISBN: 0060731338.
- Thaler, Richard. H., and Cass R. Sunstein (2009). *Nudge: Improving decisions about health, wealth, and happiness*. Penguin. ISBN: 9780143115267

*Thinking, Fast and Slow* is the autobiography of Nobel Prize winner Daniel Kahneman, who has done important work at the intersection of psychology and economics. *Freakonomics* looks at some interesting research in empirical economics, while *Nudge* provides a perspective on behavioral economics from Nobel Prize winner Richard Thaler and his frequent collaborator Cass Sunstein. All three of these are readable books, and I expect you to read the entire book you choose. You must write an exactly five-page essay (double-space, 12-point Times New Roman or Helvetica font, 1-inch margins on all sides) explaining succinctly what your book has to say. The five-page requirement should allow you to condense your thoughts into a very concise and readable essay. A good essay is accurate, original, interesting, complete, and coherent. As always, you must take great care to avoid even the appearance of plagiarism.<sup>2</sup>

Many of you might benefit from utilizing the free resources available through the MTSU Writing Center. The Center provides students with opportunities to improve their writing skills – not just “fix” errors in a paper in time for a deadline. The following link will direct you to a short (approximately 8 minutes in length) “digital class visit” regarding the MTSU Writing Center and its operations: <https://youtu.be/6fx-wkZ56Do>

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<sup>2</sup> If you don't know what [plagiarism](#) is, please check the link on the course website or discuss it with me. Paraphrasing an article or website—even if you provide the correct citation—can be plagiarism. The grade for a plagiarized paper is '0.'

## Professionalism

The Jones College of Business is a professional school. In the Jones College of Business, students will demonstrate Professionalism, which includes these behaviors:

- A solid work ethic demonstrated by preparation, punctuality, participation, and productivity;
- Respectful and courteous interaction with others;
- Ethical conduct; and
- Professional deportment highlighted by business-appropriate dress, diction, and demeanor.

As a Jones College student, part of your preparation for your future career includes the ability to adapt to the expectations of your supervisors and to manage your own expectations relative to your position within the organization. All Jones College faculty expect students to take this aspect of their preparation seriously. Following are my specific expectations of students related to Professionalism.

- You'll do best if you come to every class. If you miss a class, please obtain notes from another class member.
- I have certain expectations about student behavior. Students should pay attention, should take notes, and should put some energy into learning economics. Please turn off your phone and put it where it is not visible or accessible.
- If you need to leave class early, please let me know before class starts. If you arrive to class late, on a day when we are taking a quiz, please do not expect extra time to finish the quiz.
- ***I reserve the right to ask students to retake a quiz.*** I will invoke that right in cases where there is the slightest suspicion of academic dishonesty.
- I will interpret access to a phone, during a quiz or exam, as evidence of academic dishonesty. ***Anyone caught using a phone during a quiz or exam will receive a zero on that quiz or exam.***

## Other Comments

- Keep this syllabus. If you have questions about course requirements, the syllabus is the best source.
- The best way to contact me is by email ([Anthon.Eff@mtsu.edu](mailto:Anthon.Eff@mtsu.edu)).
- If, for any reason, any time before the final, you wish to drop the course, I will sign a drop slip. However, please try to decide on your commitment to this course by the fourth quiz.
- Many of you may benefit from using AI in this course. If you use AI to help you write your paper, I require that you submit both the original document as written by AI and the final revised document you wish me to grade.

## Basic information common to all Business or Honors courses.

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### Honors College:

To graduate from the University Honors College, students must complete 18 hours of lower-division of Honors coursework, and 11 hours of upper-division Honors coursework, including a capstone thesis research or creative project. Students must maintain a 3.25 to participate in the Honors Program. For all of the special benefits of the Honors program, specific course graduation requirements, and/or questions about the thesis or creative project, please contact one of our Honors College advisors:

- Ms. Laura Clippard (for special scholarship students) in HONR 227; [Laura.Clippard@mtsu.edu](mailto:Laura.Clippard@mtsu.edu); or 615-898-5464
  - Ms. April Goers (for freshmen) in HONR 228; [April.Goers@mtsu.edu](mailto:April.Goers@mtsu.edu); or 615-494-7767
  - Dr. Judy Albakry (for sophomores through seniors) in HONR 229; [Judy.Albakry@mtsu.edu](mailto:Judy.Albakry@mtsu.edu); or 615-494-8819.
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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.

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### Jones College of Business Student Learning Goals

- Students will be effective communicators.
  - Students will be able to identify and understand the internal factors affecting businesses and their operations.
  - Students will be able to identify and understand the external factors affecting businesses and their environment.
  - Students will be skilled in the use of appropriate analytical and quantitative techniques in problem-solving and decision-making.
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### Reasonable Accommodations for Students with Disabilities:

Middle Tennessee State University is committed to campus access in accordance with Title II of the Americans with Disabilities Act and Section 504 of the Vocational Rehabilitation Act of 1973. Any student interested in reasonable accommodations can consult the [Disability & Access Center \(DAC\) website](#) and/or contact the DAC for assistance at 615-898-2783 or [dacemail@mtsu.edu](mailto:dacemail@mtsu.edu)

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## 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](#) or contact your [MT One Stop Enrollment Counselor](#).

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## Lauren's Promise

Lauren McCluskey, a 21-year-old honors student athlete, was murdered on Oct. 22, 2018, by a man she briefly dated on the University of Utah campus. We must all take actions to ensure that this never happens again.

### **I will listen and believe you if someone is threatening you.**

If you are in immediate danger, call 911.

If you are experiencing sexual assault, domestic violence, and/or stalking, I hope you will feel comfortable contacting me and letting me help you get connected to campus resources.

If you prefer to reach out to these resources directly, you may contact these supports and services:

- MTSU Campus Police: 615-898-2424
- Murfreesboro Police: 615-893-1311
- MTSU Counseling Services: 615-898-2670
- After-hours mobile crisis: 800-704-2651 or go to the nearest emergency room
- MTSU Student Health: 615-898-2988

Any form of sexual harassment or violence will not be excused or tolerated and will be reported to MTSU's Title IX coordinators <https://www.mtsu.edu/titleix/> to assist you. For more information: <https://www.mtsu.edu/sexual-violence/>

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## Tutoring:

Free tutoring is available in study skills, learning strategies and several courses such as biology, physics, history, computer information systems, math, psychology, economics, recording industry, and many more. The central location for tutoring is the Tutoring Spot, located in Walker Library. For available tutoring opportunities, including days, times, and location, visit [the tutoring website](#). You are encouraged to take advantage of this free service.

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## Are You Registered to Vote?



Please check your registration, register for the first time, or re-register at your new address at [mtsu.edu/vote](https://www.mtsu.edu/vote).

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## Tentative Topic List

### What is Economics?

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

### Supply and Demand

- a) Product Markets:
  - I. Determinants of Demand.
  - II. Determinants of Supply.
- b) Government Interference with Markets: Excise Taxes; Price Ceilings and Price Floors
- c) Labor Markets:
  - I. Determinants of Supply: Desirability of Occupations; Population Growth; Labor Force Participation Rate; Globalization.
  - II. Determinants of Demand: Efficiency and Price of Output.
  - III. Unemployment Rate and Tight Labor Markets.
- d) Price Level and Inflation
- e) Financial Markets (stocks, bonds, and foreign exchange)

### The Circular Flow Diagram

- a) Role of Markets: the link with Microeconomics
- b) Measurement of Flows: Output (GDP), Expenditures, Income, and Factor Use
- c) Aggregate Demand:  $C+I+G+X-M$
- d) Aggregate Supply: Factor Use and Productivity
- e) Recessions and Expansions; Leading, Coincident, and Lagging Indicators

### Aggregate Demand and Business Cycles

- a) Fiscal Policy
  - i) Taxes and Government Expenditures
  - ii) Keynesian Multiplier
  - iii) Problems of Fiscal Policy (Lags and the nature of the political process)
- b) Monetary Policy
  - i) Origins and functions of money
  - ii) Money Multiplier
  - iii) Federal Reserve System
  - iv) Quantity of Money Equation
  - v) Inflation and Interest Rates: the Fed tightrope
  - vi) The Autonomy of the Fed

### Aggregate Supply and Economic Growth

- a) Sources of Productivity Growth
  - i) Increases in quality of factors (human capital, technological change embodied in physical capital)
  - ii) Increases in quantity of capital (interest rates, FDI)
  - iii) Changes in institutional environment (Alfred Chandler, deregulation)
  - iv) Freer trade in product markets
- b) Government policies to shift Aggregate Supply curve to right
  - i) Supply-Side vs Industrial Policy
  - ii) Taxes and Subsidies
    - a) Evaluation of some current tax policy
    - b) What motivates government? (Public choice vs. Cost-benefit)

## 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