

ECON 2301-020  
PRINCIPLES OF MACROECONOMICS

Fall 2019. Rassman Business 104.  
TR: 12:30–1:45pm

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TR: 10:00-11:30am & 2:00-5:30pm

Whether one is a conservative or a radical, a protectionist or a free trader, a cosmopolitan or a nationalist, a churchman or a heathen, it is useful to know the causes and consequences of economic phenomena.

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George J. Stigler

## Course Description and Objectives

Pick up a newspaper, turn on the news, or surf the web and you'll no doubt find journalists, politicians, and bloggers talking about macroeconomic concepts. Will cutting taxes increase economic growth? How will a higher minimum wage affect unemployment? What will happen to inflation if the Fed lowers interest rates? These are important questions, but answering them is no easy task. Because the economy is immensely complex, economists must rely on a theoretical framework that is, by comparison, relatively simple. The purpose of this class is to introduce you to the fundamentals of this framework.

Over the course of the semester, you will learn how to use the tools of macroeconomic analysis to better understand the relationships between macroeconomic variables and the factors that influence them. In addition, you will learn how economists construct and use key macroeconomic statistics and how they relate to the theoretical framework we are learning in this class. Upon successfully completing this course, you will be conversant in the basic principles of macroeconomics and prepared for more advanced coursework on these and related topics.

## Prerequisites and Expectations

I expect that you have successfully completed the following prerequisites for this course: [MATH 1314](#), [1324](#), or [1332](#). I assume that you have a basic understanding of algebra, functions, graphs, etc. If you need to review these topics, I recommend that you use a resource like [Khan Academy](#).

Courtesy and respect are essential ingredients to this course, and I expect you to treat your fellow classmates with both, particularly when you disagree. Reasonable people can differ on any number of perspectives, opinions, and conclusions. That said, constructive disagreement sharpens our thinking and deepens our understanding. Accordingly, while all viewpoints are welcome in my class, no ideas are immune from scrutiny and debate.

I ask that you refrain from distracting behavior, e.g., side conversations and using electronic devices for unrelated activities. You are free to use computers for class-related purposes, but you should be aware that there is evidence indicating that taking handwritten notes improves academic performance (see Susan Dynarski's *New York Times* article [Laptops Are Great. But Not During a Lecture or a Meeting](#)).

Finally, because regular attendance and participation are essential to successfully completing this course, I expect you to attend all of the lectures and complete all of the assigned readings and videos *prior* to class. If you need to miss a class, it is your responsibility to obtain all lecture notes and assignments from one of your classmates.

## Required Materials

There are two required materials for this course:

1. Tyler Cowen and Alex Tabarrok. 2018. *Modern Principles: Macroeconomics*, 4<sup>th</sup> edition.
2. Sapling Plus for Modern Principles of Macroeconomics

If you're looking to save a little money, you can purchase the Sapling Plus through the bookstore, which includes a digital copy of the required textbook that expires after six months. Alternatively, you can purchase the loose-leaf version of the textbook through the bookstore, which includes Sapling Plus. If you plan on majoring in economics, then I suggest you purchase the loose-leaf copy of the textbook.

## Evaluation and Grading

Your grade in this course will consist of online quizzes (15%) and homework (25%) as well as four in-class examinations (60%). Angelo State University employs a letter grade system, with each letter corresponding to a percentage scale as follows:

A.....	90%-100%
B.....	80%-89%
C.....	70%-79%
D.....	60%-69%
F.....	≤ 59%

The online quizzes will cover the material presented in the assigned Marginal Revolution University videos associated with each chapter. The videos and quizzes will be accessible via Sapling Plus. The purpose of these videos is to introduce you to the topics covered in each chapter before we discuss the material in class. **To that end, the quizzes must be completed no later than 11:59pm on the night prior to the class in which we will be discussing the material. There will not be any make-up quizzes - no exceptions.**

The homework will consist of problems from the end of each chapter in the textbook and it will also be accessible via Sapling Plus. The purpose of the homework assignments is to help you learn how to use the tools of macroeconomic analysis. **Homework assignments will cover the material that we discussed in class the previous week and must be completed no later than 11:59pm on Sunday night. There will not be any make-up homework assignments - no exceptions.**

The Marginal Revolution videos and associated quizzes as well as the homework can be accessed via Blackboard under the "MRU Assignments & Homework" folder. There, you'll find a module named "Student Registration - Start Here." You can use that to register for Sapling Plus using the access code included with the textbook. For additional information on activating your Sapling Plus account via Blackboard, please use the following URL: <https://macmillan.force.com/macmillanlearning/s/article/Students-Register-for-Sapling-Learning-courses-via-your-school-s-LMSblackboard>

There will be four examinations over the course of the semester, each worth 15% of your grade. The examinations will consist of a mixture of multiple choice and true/false questions as well as analytical exercises similar to those found in the homework assignments. **There will not be any make-up exams unless it**

**conflicts with a religious holiday. If you intend to miss an examination for religious reasons, you must notify me in writing no less than one week prior to the date of the examination.** I will drop the lowest of your first three examination scores so that if you miss any one of them for any reason, I will re-weight your grade such that the remaining examinations will be worth 20% each. You may only miss one of the first three examinations. The final examination, however, is mandatory.

Finally, there will be several opportunities for extra credit. I will discuss the details of these opportunities in class. Other than those that I assign, however, no additional extra credit will be offered.

## **Additional Information**

### **Academic Honesty and Integrity**

Angelo State University expects its students to maintain complete honesty and integrity in their academic pursuits. Students are responsible for understanding and complying with the university Academic Honor Code, which is in both print and web versions of the ASU Student Handbook.

### **Accommodations for Disability**

ASU is committed to the principle that no qualified individual with a disability shall, on the basis of disability, be excluded from participation in or be denied the benefits of the services, programs or activities of the university, or be subjected to discrimination by the university, as provided by the Americans with Disabilities Act of 1990 (ADA), the Americans with Disabilities Act Amendments of 2008 (ADAAA), and subsequent legislation.

Student Affairs is the designated campus department charged with the responsibility of reviewing and authorizing requests for reasonable accommodations based on a disability, and it is the students responsibility to initiate such a request by emailing [studentservices@angelo.edu](mailto:studentservices@angelo.edu).

### **Code of Ethics**

Students, faculty, administrators and professional staff of the Norris-Vincent College of Business should always:

- Be forthright and truthful in dealings with all stakeholders.
- Take responsibility for one's actions and decisions.
- Serve as an example of ethical decision-making and behavior to others.
- Admit errors when they occur, without trying to conceal them.
- Respect the basic dignity of others by treating them as one would wish to be treated.

### **Communication**

Occasionally, I may need to update students on class activities and assignments. I will be emailing you at your ASU email address via Blackboard. You are responsible for checking this email regularly.

### **Study Groups**

Many students benefit from working in small groups (2-4 students) outside of class. For one, learning economics requires a lot of practice; a study group that meets regularly motivates its members to practice regularly. Study groups also provide students with a forum to discuss and debate economic ideas, which can be a lot of fun. Feel free to form your own study groups. You are by no means required to form a study group nor are you locked into a study group if you decide to join.

## Tentative Course Outline

<b>Date</b>	<b>Topic</b>	<b>Readings</b>
8/27	The Big Ideas	C&T, Ch. 1
8/29	The Power of Trade and Comparative Advantage	C&T, Ch. 2
9/3	Supply & Demand	C&T, Ch. 3
9/5	Supply, Demand & Equilibrium	C&T, Ch. 4
9/10	Equilibrium, Price Ceilings & Floors	C&T, Ch. 5
9/12	Price Ceilings & Floors	C&T, Ch. 5
<b>9/17</b>	<b>EXAM 1</b>	
9/19	GDP and the Measurement of Progress	C&T, Ch. 6
9/24	The Wealth of Nations & Economic Growth	C&T, Ch. 7
9/26	Growth, Capital Accumulation and the Economics of Ideas	C&T, Ch. 8
10/1	Growth, Capital Accumulation and the Economics of Ideas	C&T, Ch. 8
10/3	Growth, Capital Accumulation and the Economics of Ideas	C&T, Ch. 8
10/8	Saving, Investment and the Financial System	C&T, Ch. 9
10/10	Saving, Investment and the Financial System	C&T, Ch. 9
<b>10/15</b>	<b>EXAM 2</b>	
10/17	Unemployment and Labor Force Participation	C&T, Ch. 11
10/22	Inflation and the Quantity Theory of Money	C&T, Ch. 12
10/24	Inflation and the Quantity Theory of Money	C&T, Ch. 12
10/29	Business Fluctuations: Aggregate Demand and Supply	C&T, Ch. 13
10/31	Business Fluctuations: Aggregate Demand and Supply	C&T, Ch. 13
<b>11/5</b>	<b>EXAM 3</b>	
11/7	The Federal Reserve System and Open Market Operations	C&T, Ch. 15
11/12	The Federal Reserve System and Open Market Operations	C&T, Ch. 15
11/14	Monetary Policy	C&T, Ch. 16
11/19	Monetary Policy	C&T, Ch. 16
11/21	Fiscal Policy	C&T, Ch. 18
<b>11/26</b>	<b>No Class</b>	
<b>11/27</b>	<b>No Class: Thanksgiving</b>	
12/3	Fiscal Policy	C&T, Ch. 18
12/5	Political Economy and Public Choice	C&T, Ch. 21
<b>12/12</b>	<b>FINAL EXAM @ 10:30am</b>	