

b

Econ 420: Intermediate Theory: Money, Income, and Employment

UNC at Chapel Hill, Department of Economics
Summer 1 2014

Instructor Information:

Andrew Graczyk
Office: 202 Phillips Annex |
Email: graczyk@live.unc.edu |
Office Hours: T, R 10-11 AM or by appointment

Class Schedule:

M,T,W,R,F 8:00 - 9:00 am Gardner 307

Course Materials:

Recommended Text: *Macroeconomics* by Richard Froyen.

Course Credit:

Students can not receive credit for both Econ 320 and Econ 420.
Econ 101 and at least one semester of calculus are required for this course.

Goal of Course: The goal of this course is to provide you with the tools necessary to analyze critically current events within the rubric of major schools of macroeconomic thought. We will address three objectives to achieve this goal. First, we will introduce you to the various types, sources, and meaning of major macroeconomic data series. Second, we will explore the structure and myriad assumptions underlying popular economic models. The course will place special emphasis on the Classical and Keynesian Theories. Lastly, we will use this data and these theories to evaluate the economy's response to exogenous shocks, such as changes in fiscal, monetary, and trade policy. The course differs from Econ 320 in its breadth of material and mathematical rigor.

By the end of the course you should be able to provide informed responses to questions such as: Are we in a recession? What would happen if the government were to lower tax rates? How might actions by the "Fed" impact me? Do the arguments reported in the press regarding economic events make sense in light of the major schools of economic thought?

The course will place special emphasis on understanding the historical context of each model and how macroeconomic thought changed over the twentieth century.

If you are unable to attend class when a midterm or final is scheduled, you should notify the instructor as soon as possible. In cases of illness or other extenuating circumstances students may be allowed to take a makeup exam or place more weight on the final.

| Grading | % of Course Grade | Date | Details & Policy |
|------------|-------------------|-------------------------|--|
| Final Exam | (30%) | 06/17/14 8:00 - 11:00am | Comprehensive exam. |
| Midterms | (25%) | 05/16/14 and 05/30/14 | Test on content as indicated in the course schedule. These exams will not be cumulative. |
| Homework | (20%) | TBD | There will be several homework assignments throughout the semester. These homeworks will be graded on completion. Solutions will be made available on Sakai after the homeworks are turned in. |

Students associated with Disability Services must contact me at least three days prior to each Test.

Letter grades are computed from the total points earned during the semester and assigned based on the scale nearby. There is no maximum number of A's nor B's awarded.

| | |
|----|------------------|
| A | $x \geq 90\%$ |
| A- | $88 \leq x < 90$ |
| B+ | $85 \leq x < 88$ |
| B | $78 \leq x < 85$ |
| B- | $75 \leq x < 78$ |
| C+ | $70 \leq x < 75$ |
| C | $65 \leq x < 70$ |
| C- | $60 \leq x < 65$ |
| D+ | $50 \leq x < 60$ |
| D | $40 \leq x < 50$ |
| F | $x < 40$ |

Tentative Course Outline

Topic 1 *Introduction and Macroeconomic Data*
What is macroeconomics? What is the current state of the macroeconomy? How do we measure macroeconomic activity with GDP, CPI, UR?

Topic 2 *Classical Theory*
Detail the Supply, Demand, and Equilibrium conditions that constitute a Classical framework. Discuss open and closed systems.

Topic 3 *Keynesian Theory*
Detail the Supply, Demand, and Equilibrium conditions that constitute a Keynesian framework. Discuss open and closed systems.

End of Material for Midterm 1

Topic 4 *Macro Theory After Keynes*
Provide an overview of macroeconomic thinking after Keynes, including New Classical, Real Business Cycle Theory, Dynamic AS/AD, and others.

Topic 5 *Open Economy Macroeconomics*
Introduce exchange rates and the international monetary system and explore an open economy version of the IS-LM model.

End of Material for Midterm 2

Topic 6 *Macroeconomic Policy*
Detail the workings of Fiscal, Monetary, and to a lesser extent, Trade Policy.

Topic 7 *Economic Growth*
Outline the workings of Growth Theory, which focuses on the long-run growth path of the economy.