

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

UNC at Chapel Hill, Department of Economics

Summer 2014



## Instructor Information:

Mike Aguilar

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Office Hours: M 1-2pm, R 1-2pm

## Class Schedule:

Lecture: M,T,W,R,F 11:30pm-1:00pm Gardner Rm 307

## Course Materials:

**Recommended Text:** *Macroeconomics* by Richard Froyen.

**Recommended Periodicals:** The Wall Street Journal; The Economist.

**Software:** Assignments, announcements, grades, readings, and other information will be posted at sakai.unc.edu. Sakai will be the primary method of communication for this course, so please check it frequently.

## Course Credit:

Students can not receive credit for both Econ 320 and Econ 420.

Econ 101 is a pre-requisite 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? Should the government 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 evaluating the current state of the economy. Regular reading of the financial news via the Wall Street Journal or the like is recommended highly. The text for the course will provide a rough guide of the topics we will cover. However, lectures will provide much supplemental material. The syllabus is subject to change. The honor code is in effect.

Grading	% of Course Grade	Date	Details & Policy
Final Exam	(30%)	07/24/14 11:30am-2:00pm	Comprehensive exam. Missing the Final Exam without a valid excuse from the Dean will result in a zero exam score.
Midterm	(25%)	07/08/14	Missing the Midterm without an "excused" absence results in a zero score for that Test. If you miss the Midterm with an "excused" absence, the Final Exam will account for 55% of the course grade.
Homework	(35%)	TBD	There will be several homework assignments throughout the semester. No "make-ups" will be given. If you miss an assignment due to an "excused" absence, your Homework grade will be reweighted among the remaining homework assignments.
MacroJournal	(10%)	Tuesdays by 8am	Each week you must provide an assessment of three aspects of the U.S. economy: overall activity, prices, and employment. A logical and coherent argument based on the principles learned in class is critical. You may drop the journal entry with the lowest score. No late assignments will be accepted. No "make-ups" will be given. If you miss an assignment due to an "excused" absence, your MacroJournal grade will be reweighted among the remaining MacroJournal assignments.
Extra Credit	(2pts)	TBD	Each Tuesday we will discuss the current state of the macroeconomy, which you have explored in the MacroJournal exercise. Groups of approximately 10-15 students will be assigned a date upon which they must take the responsibility to lead the discussion. A well planned and informed discussion session ( $\approx 15mts$ ) will earn each member of the group 1.5 percentage points added directly to their course grade. Groups not presenting in a given week will have a chance to earn a further 0.5 percentage points by submitting questions regarding the current state of the economy prior to each Tuesday discussion.

Students associated with Disability Services must contact me one week prior to each Test.

Excused Absences: Illness or participation in University sanctioned activities. Documentation from coach or doctor must be provided. You must fill out the "Excused Absence" form found on the Sakai site, and turn it in to me as soon as possible.

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. However, in previous courses 20% – 25% of my students have earned in the A range, 30% – 40% have earned in the B range, and 20% – 30% have earned in the C range. Although the grade distribution may change this semester, the past scores should give you a sense of my grading standards.

A	$x \geq 95\%$
A-	$90 \leq x < 95$
B+	$85 \leq x < 90$
B	$80 \leq x < 85$
B-	$75 \leq x < 80$
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	$x < 40$

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### Tentative Course Outline

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- Days 1-3     *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?
- Days 3-6     *Classical Theory*  
 Detail the Supply, Demand, and Equilibrium conditions that constitute a Classical framework. Discuss open and closed systems.
- Days 6-12    *Keynesian Theory*  
 Detail the Supply, Demand, and Equilibrium conditions that constitute a Keynesian framework. Discuss open and closed systems.
- Days 13-16   *Macro Theory After Keynes*  
 Provide an overview of macroeconomic thinking after Keynes, including New Classical, Real Business Cycle Theory, Dynamic AS/AD, and others.
- Days 17-20   *Open Economy Macroeconomics*  
 Introduce exchange rates and the international monetary system and explore an open economy version of the IS-LM model.
- Days 21-24   *Macroeconomic Policy*  
 Detail the workings of Fiscal, Monetary, and to a lesser extent, Trade Policy.