

Advanced Microeconomics Topics

ECON 510

Financial Crisis and Political Economy

Syllabus

Sérgio O. Parreiras

Department of Economics
University of North Carolina

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THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL

Outline

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2 On Math



Syllabus

Textbook

Allen and Gale (2007) *Understanding Financial Crisis*, Oxford University Press.

- Time, uncertainty, and liquidity
- Intermediation and crises
- Asset markets
- Financial fragility
- Optimal regulation



Other (noteworthy) books

We may use material from the these other books but your are not required to buy them.

- Political Economics, Explaining Economic Policy by Torsten Persson and Guido Tabellini, 2000, MIT Press.
- An Introduction to Game Theory by Martin Osborne, 2008, Oxford University Press.
- Your ECON 410 textbook.



NPR -Planet Money Podcasts

We will use often the podcasts from NPR's Planet Money.

I strongly suggest you to listen to it on a weekly basis.

There are two podcasts per week.

Also listening to past episodes is extremely worthy.

The first assignment in this class is to listen or read the TAL's podcast episode ("The Giant Pool of Money") which originated the creation of Planet Money's podcast.

- Planet Money
- TAL – The Giant Pool of money (free transcript)
- TAL – The Giant Pool of money (audio)



Evaluation

- **February, 5th** — 1st Midterm
- **March, 7th** — 2nd Midterm
- **April, 11th** — 3rd Midterm
- **Tuesday, May 7th at noon** — Final Examination
- Top two midterm grades account for 50% of the final grade.
- Final examination grade is worth 30% of the final grade.
- 10 problem sets and/or research assignments: 20%.



Computing Grades

- Exams scores are scaled: $\text{Score} = \text{Exam Grade} + 100 - \text{Max Exam Grade}$.
- Course grades are computed accordingly to the table:

letter grade	min. score
A+	100
A	95
A-	90
B+	87
B	83
B-	80
C+	77
C	73
C-	70
D+	67
D	63
D-	60

Policies

Rules of the Game

- ① New problem sets are posted on Sakai every Wednesday and are due next Tuesday **in class**.
- ② Assignments past due will **NOT** be accepted.
- ③ You should be **prepared** to present and discuss with your peers your problem set and/or your research assignment.
- ④ There are **NO** make-up midterm examinations under **any circumstances** – you can drop-off your worst midterm grade.
- ⑤ Office hours: T-TR : 11AM-noon at GA 200B or by e-mail appointment, sergiop@unc.edu.
- ⑥ DO NOT sent e-mail thru Sakai and please include E510 in beginning of the subject line in any email.

To do list for the first week

- ① Check the final examination schedule of **ALL** classes you are enrolled. If you have more than 3 final exams in more than 24 hours and ECON510 is one of these exams then you **MUST** contact the professors of the other courses if you want to arrange for changes in your exam schedule: If they are unable to accommodate you and if you forward your e-mail communication with them in the *first two weeks of class*, I will try my best to comply with your request.
- ② Place an order for the software *Mathematica* throughout software.sites.unc.edu/software/mathematica/. The **student license is free**. However, you must place an order.
- ③ If you are eligible for taking exams with disability services, I require you to schedule them in the first week of classes.

It is strongly recommended that you subscribe to at least one newspaper and read it regularly. It is expected that you will follow major current events and also pay attention to socio-economic or political events that have strategic content.

- ① NY Times
- ② Wall Street Journal

Disclaimer

During this course, we shall employ additional material from TV, movies, or literature to discuss economic related issues.

Sometimes, you may find the political views; or the profanity contained in the additional material offensive or objectionable.

I **do not** endorse any particular views ex but ...

Disclaimer

I believe that as part of your **university** education, it is important you should engage in **critical thinking**.

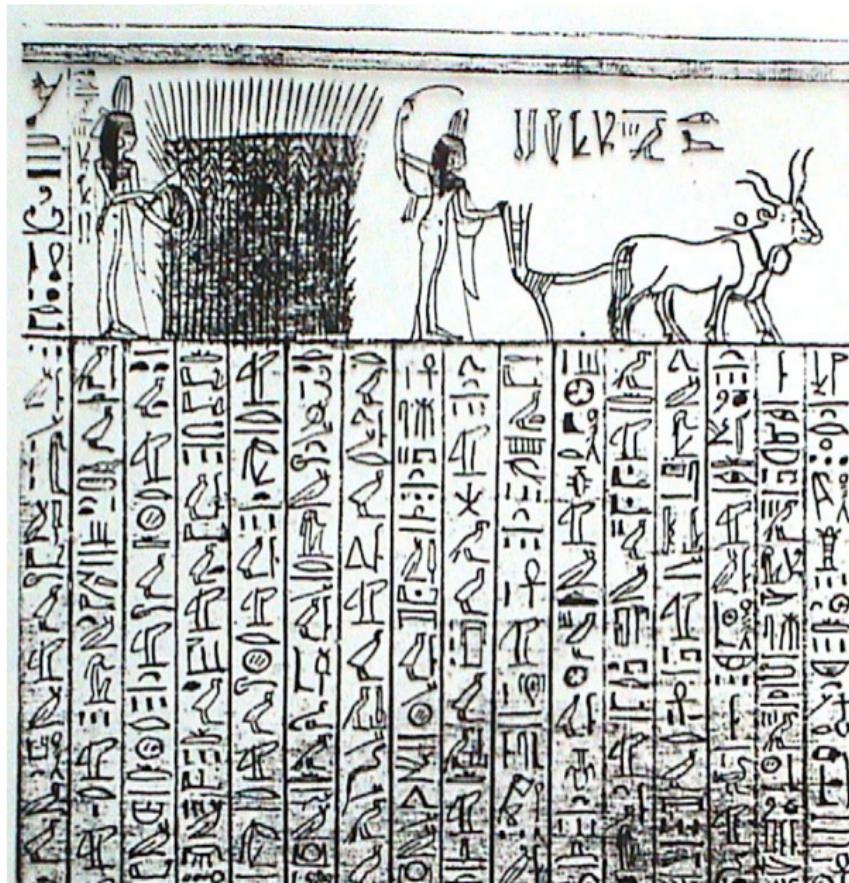


Some words about math.

We will cover bits of optimization, set theory and proof reasoning but I expect you will comfortable handling the following topics below. Please report **any** doubts to me in class or by email in the **first** two weeks of the course.

- Language of Set Theory
- Basic Calculus (derivation and integration).
- Basic Probability (expectation of discrete and continuous random variables).
- Reading Proofs.
- Finding Maxima and Minima.

Mathematics is a tool (language)



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If $f : [a, b] \rightarrow \mathbb{R}$ satisfies $[\forall x \in [a, b] \text{ and } \forall \varepsilon > 0, \exists \delta > 0; \text{ such that } |x - y| < \delta \Rightarrow |f(x) - f(y)| < \varepsilon]$
 $\Rightarrow \exists z \in [a, b]; \forall x \in [a, b] f(z) \geq f(x).$

If a real-function defined on a closed interval on the real line is continuous then it attains a maximum on the interval which it is defined.