

Advanced Microeconomics Topics

ECON 510

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1 Course Goals

To apply microeconomic theory to understand the function of markets, with particular attention to financial markets. Acquire modeling skills: construct stylized general equilibrium models; solve to the equilibrium and perform comparative statics. Develop writing skills to persuade a layman of the value of the insights brought by the theory.

2 Pre-requisites

ECON 410.

3 To do list for the first week

1. Check the final examination schedule of **ALL** classes you are enrolled. In case: a) you have more than 3 final exams in more than 24 hours; c) ECON510 is one of these exams; and c) you wish to re-schedule one of your exams; then you **MUST** contact the professors of the other courses. If they are unable to accommodate your request 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 Accessibility Resources, please schedule with them in the first week of classes and notify me.

4 Contacting the instructor

Wednesdays from noon to 4PM, I hold office-hours with *an open door policy*: first come, first served. You should not email me to set appointments for meetings during this time. For meeting me at any other times or to conduct an email consult, please email me at sergiop@unc.edu with the following **subject** line: ECON510 (no additional text). If you email me with a subject line different than ECON510, it may take several days for me to get back to you or perhaps I may not receive your email at all.

5 Textbook

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

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

5.1 Other references

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.

6 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 \(audio\)](#)

7 Important Dates

- **September 10th** — 1st Midterm
- **October 10th** — 2nd Midterm
- **December 7th, Saturday at noon** — Final Examination

8 Grading Policy

1. Midterm grades account for 30% of the final grade.
2. Final exam grade is worth 40% of the final grade.
3. Ten or more problem sets: 20%.
4. Written papers: 10%
5. Exams scores are scaled: $\text{Score} = \text{Exam Grade} + 100 - \text{Max Exam Grade}$.
6. Course grades are computed accordingly to the table (without rounding up or down):

max. score	letter grade	min. score
100 =	A+	= 100
100 >	A	≥ 95
95 >	A-	≥ 90
90 >	B+	≥ 87
87 >	B	≥ 83
83 >	B-	≥ 80
80 >	C+	≥ 77
77 >	C	≥ 73
73 >	C-	≥ 70
70 >	D+	≥ 67
67 >	D	≥ 63
63 >	D-	≥ 60
60 >	F	≥ 0