Econ 420 Honors
Intermediate Theory: Money, Income, and Employment
UNC at Chapel Hill
Economics Department
Spring 2011

Instructor Information:
Mike Aguilar
Office: 06A Gardner Hall | Phone: 919-966-5378
Email: maguilar@email.unc.edu | Web: www.unc.edu/~maguilar
Office Hours: T,R 3:30pm-5:00pm, or by appointment

Class Schedule:
Lecture Section 001: T,R 12:30pm - 1:45pm Garnder Room 308
Help Sessions hosted by David Fragoso Gonzalez (davidfg@email.unc.edu) at days/times TBD.

Course Materials:
Required Text: Macroeconomics by Richard Froyen, 9th ed.
Recommended Periodicals: The Wall Street Journal; The Economist.
Software: Assignments, announcements, grades, readings, and other information will be posted at blackboard.unc.edu. Blackboard 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 the non-honors section of Econ 420 in its depth 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.
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<thead>
<tr>
<th>Grading</th>
<th>% of Course Grade</th>
<th>Date</th>
<th>Details &amp; Policy</th>
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<tbody>
<tr>
<td>Final Exam</td>
<td>(30%)</td>
<td>5/3/2011 12:00pm-3:00pm</td>
<td>Comprehensive exam. Missing the Final Exam without a valid excuse from the Dean will result in a zero exam score.</td>
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<tr>
<td>Midterm</td>
<td>(20%)</td>
<td>2/24/2011</td>
<td>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.</td>
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<tr>
<td>Homework</td>
<td>(30%)</td>
<td>TBD</td>
<td>There will be several homework assignments throughout the semester. You may drop the assignment 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 Homework grade will be reweighted among the remaining homework assignments.</td>
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<tr>
<td>MacroJournal</td>
<td>(10%)</td>
<td>Tuesdays by 8am</td>
<td>Each week you must log into Blackboard (using Firefox) and 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. Groups of approximately 1-3 students will be assigned a date upon which they must take the responsibility to lead the discussion.</td>
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<tr>
<td>Paper</td>
<td>(10%)</td>
<td>TBD</td>
<td>The semester will culminate with a position paper on a topic regarding an element of current economic policy. The paper’s goal is to use the analytical tools developed during the semester to evaluate an element of monetary or fiscal policy being debated in the U.S. economy. Expected length is 10-15 pages.</td>
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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 Blackboard 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.

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<th>Grade</th>
<th>Score Range</th>
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<tr>
<td>A-</td>
<td>$90 \leq x &lt; 95$</td>
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<td>F</td>
<td>$x &lt; 40$</td>
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**Tentative Course Outline:**

Week 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?

Weeks 2 through 4  
*Classical Theory*  
Detail the Supply, Demand, and Equilibrium conditions that constitute a Classical framework. Discuss open and closed systems.

Weeks 5 through 8  
*Keynesian Theory*  
Detail the Supply, Demand, and Equilibrium conditions that constitute a Keynesian framework. Discuss open and closed systems.

Weeks 9 through 10  
*Macro Theory After Keynes*  
Provide an overview of macroeconomic thinking after Keynes, including New Classical, Real Business Cycle Theory, Dynamic AS/AD, and others.

Weeks 11 through 12  
*Open Economy Macroeconomics*  
Introduce exchange rates and the international monetary system and explore an open economy version of the IS-LM model.

Weeks 13 through 14  
*Macroeconomic Policy*  
Detail the workings of Fiscal, Monetary, and to a lesser extent, Trade Policy.

Weeks 15 through 16  
*Economic Growth*  
Outline the workings of Growth Theory, which focuses on the long-run growth path of the economy.