

ECO 6204

Fall 2018

Fundamentals of Macroeconomic Theory

Professor: Mihaela Pinte
Classroom: Deuxieme Maison 164
Class Time: MW 11am-12:15pm
Office: DM 309C
Office Hours: MW 10-11am or by appointment
E-mail: pinteam@fiu.edu
Class webpage: <https://fiu.instructure.com/courses/16220>

Required book

“**The Foundations of Modern Macroeconomics**” by Ben J. Heijdra and Frederick van der Ploeg, Oxford University Press, any edition

Supplements

“**Macroeconomics**”, by O. Blanchard,
“**Methods of Macroeconomic Dynamics**”, by Stephen J. Turnovsky, the MIT Press

Course prerequisites

Students are assumed to be familiar with calculus, linear algebra and graph representation and have some kind of training in macroeconomic theory.

Course Outline

This course is designed as the first portion of the graduate macroeconomic theory sequence. It develops the tools of modern macroeconomics by reviewing some of the concepts taught at undergraduate level and “upgrading” them through calculus and mathematical models. It also introduces new concepts and models that will allow you to understand and develop further the macroeconomic literature.

- Math review (Differentials and Derivatives, Integration, Basic Linear Algebra)
- Review of IS-LM/AS-AD models (Blanchard-chap 3-8)
- Heijdra/van der Ploeg (chap1)
 - 1.1 The Aggregate Labor Market

- 1.2 Aggregate Demand
- Heijdra/van der Ploeg (chap 2)
 - 2.1 The Adaptive Expectations Hypothesis and Stability
 - 2.4 Wealth Effects and the Government Budget Constraint
- A Complete Dynamic Macro Model (notes)
- Midterm**
- Heijdra/van der Ploeg (chap 3)
 - 3.1 What is Rational Expectations?
 - Method of undetermined coefficients
 - 3.3 Should we take the PIP Seriously?
- Heijdra/van der Ploeg (chap 6)
 - 6.1 Ricardian Equivalence
- Heijdra/van der Ploeg (chap 10)
 - Macroeconomics Policy, Credibility and Politics
- Dynamic Inconsistency (notes)

Final exam: Wednesday, 12/5/2018, 9:45-11:45am.

Last drop day: October 29th

There will be **no class** on Monday, September 3rd (Labor Day Holiday)

There will be **no class** on Monday, November 12th (Veterans Day Holiday)

Grades

There will to be two exams; one midterm worth 40% and one final worth 50% of the final grade.

Homework assignments will count for the remaining 10% of your final grade. The assignments can be completed individually or in pairs. If you decide to work in pairs choose your partner at the end of the first day, and do not change later on. Only one solution per pair is to be turned in every week.

Religious Holiday

The University's policy on religious holydays as stated in the University Catalog and Student Handbook will be followed in this class. Any student may request to be excused from class to observe a religious holyday of his or her faith.

Policies and Academic Misconduct

Florida International University is a community dedicated to generating and imparting knowledge through excellent teaching and research, the rigorous and respectful exchange of ideas and community service. All students should respect the right of others to have an equitable opportunity to learn and honestly to demonstrate the quality of their learning. Therefore, all students are expected to adhere to a standard of academic conduct, which

demonstrates respect for themselves, their fellow students, and the educational mission of the University. All students are deemed by the University to understand that if they are found responsible for academic misconduct, they will be subject to the Academic Misconduct procedures and sanctions, as outlined in the Student Handbook.

Academic Misconduct includes: **Cheating** – The unauthorized use of books, notes, aids, electronic sources; or assistance from another person with respect to examinations, course assignments, field service reports, class recitations; or the unauthorized possession of examination papers or course materials, whether originally authorized or not. **Plagiarism** – The use and appropriation of another’s work without any indication of the source and the representation of such work as the student’s own. Any student who fails to give credit for ideas, expressions or materials taken from another source, including internet sources, is responsible for plagiarism.

Learn more about the [academic integrity policies and procedures](#) as well as [student resources](#) that can help you prepare for a successful semester.