

ECO 325 – Advanced Economic Theory: Macro

SYLLABUS

Instructor: Burhanettin (Burhan) Kuruscu

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Objectives

This course is designed for majors and specialists in economics who wish to prepare for graduate work in economics and/or expand their understanding of modern macroeconomic theory. During this course students will develop analytical skills in solving and constructing macroeconomic models. The advanced topics covered will include topics such as: theories of consumption and savings, overlapping generations models, and optimal fiscal policy.

Preparation for this course:

To be successful in this class, you need to have a very strong background in mathematics and economic theory (both macro and micro). You should especially be comfortable with topics related to optimization, calculus, and limits, and have good algebraic skills. I will NOT teach these topics in this class but you should have learned them before coming to the class.

Lectures and Tutorials:

Tuesdays 6pm-9pm in WW126

The first 2 hours will be used for Lecture and the following hour will occasionally be used for a tutorial. There will be three tutorials. Each one will be held before each exam.

Office Hours:

My office hours are Tuesdays 10:00am to 11:00pm. Outside my office hours you can contact me via e-mail at burhan.kuruscu@utoronto.ca, *although* at busy times you will get a prompter response if you stop by during the office hours.

Teaching Assistant: John Michael Gilraine

Email: mike.gilraine@mail.utoronto.ca

Office Hours: Mondays 2:00pm to 3:00pm in GE 213.

Textbook and Reading

I will not follow a textbook. But I will post the following notes on Blackboard.

- Notes by Dirk Krueger on Fiscal Policy (**DK**)
- Kuruscu's notes on optimal taxation.

E-mail list: You are automatically added to the class email list if you are registered for this course. This email list will be the main way I will make announcements and communicate with the class.

Blackboard: Please check the blackboard frequently for course materials and announcements.

Course Requirements and Grading

1. Two midterms: Each **30%** of the total grade. However, I will drop your lowest midterm grade and assign the maximum midterm grade as your midterm grades for both midterms. Here are the midterm information:

Dy-Mon-Yr	Start	End
Feb 5, 2013	6:00pm	8:00pm
Mar 12, 2013	6:00pm	8:00pm

2. Final: 40% of the final grade.

Appeal Process: Students should go to the TA's office hour and talk to him if they have any questions about their exams. If they cannot resolve their issue with the teaching assistant, they can appeal to their exam grades to my **only in writing** within a week after the exams are handed back in class. Any appeals after **one week** will not be accepted. Appeals have to be made in writing. Students who do not receive their exams due to absence and as a result miss the appeal deadline will not receive any extension to appeal.

Class Participation: I strongly encourage students for participating in class. You should feel comfortable to ask any questions if you cannot follow my lectures or you do not understand something. To be able to assess whether you can follow my lectures or whether you have learned a particular topic before, I will also select students randomly and ask them questions.

Make-up Exams: There are **no** separate make-up since I drop the lowest midterm grade. This means that if you miss a midterm for some reason such as being sick, then the other midterm grade will be your make-up grade. If you have to miss two midterms because of a legitimate reason (that is accepted by the university as an acceptable reason for make-up), you are required to provide supporting documentation for their excuses to be eligible for make-up work. If a student misses an examination for medical or other unavoidable reasons, the new University policy **requires** students to declare their absence on ROSI. Here is the policy:

<http://www.artsci.utoronto.ca/current/undergraduate/absence>

Students are required to provide me with printed confirmation of the Absence Declaration, in addition to any sick note from a doctor.

Second, a student who misses the test must provide me with a copy of a University of Toronto Medical certificate **within one week** of the missed exam, stating the nature of the illness and the fact that the individual was too ill to write an examination. A copy of this certificate is available from your college registrars, health services or on the following website:

<http://www.healthservice.utoronto.ca/pdfs/medcert.htm>

Academic Integrity: Academic integrity is an essential part of education. Students should not conduct any scholastic dishonesty that will violate academic integrity. Scholastic dishonesty includes, but is not limited to, cheating, plagiarism, collusion, falsifying academic records, and any act designed to give unfair academic advantage to the student, or the attempt to commit such an act.

Students with Disabilities: I will provide necessary accommodation to students with disabilities subject to university guidelines.

Schedule:

- **(DK) Chapter 1: Empirical facts on government economic activity (Recommended reading)**
- **(DK) Chapter 2: A simple two-period model and intertemporal tradeoffs**
- **(DK) Chapter 3: Life cycle model**
- **Kuruscu's notes: Dynamic programming**
- **(DK) Chapter 4: Dynamic Theory of Taxation**
- **Kuruscu' notes: Optimal Taxation**
- **(DK) Chapter 5: Social Security**