

Department of Economics
University of Toronto
Summer 2013

ECO 100Y – L0101 INTRODUCTION TO ECONOMICS

MW 2-5 – MP 202

INSTRUCTOR

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OFFICE HOURS

Tuesdays 9:00 – 10:00 AM

COURSE DESCRIPTION

The aim of this course is to provide a thorough understanding of how the economy works. The first part of the course will deal with *microeconomic* problems, that is, with the problems faced by the economic agents (households and firms). The second part will deal with *macroeconomic* problems, that is, with the problems faced by society as a whole (such as unemployment, inflation, high interest rates, volatile exchange rates, etc.).

REQUIRED TEXTBOOK

C.T.S. Ragan and R.G. Lipsey, *Economics*, Thirteenth Canadian Edition (Toronto: Pearson Addison Wesley, 2010). The purchase of the accompanying study guide by P.T. Dickinson and G. Indart (Thirteenth Canadian Edition) is also required.

COURSE WEBSITE

The course website is <http://www.economics.utoronto.ca/gindart/>. In the course website you will find class announcements, lecture notes, problem sets, past tests and exams, and other useful information.

LECTURES

Lectures will be held on Mondays and Wednesdays from 2:00 to 4:00 PM in room MP 202.

TUTORIALS

Tutorials will be offered weekly to answer questions arising from the problem sets, end-of-chapter problems, the Study Guide, or other course material. Tutorials will be held on Mondays and Wednesdays from 4:00 to 5:00 PM in room MP 202.

ECONOMICS AID CENTRE

Tutors will be available to provide individual instruction on course material at the Economics Aid Centre. The Centre will operate Wednesdays from 12:00 to 2:00 PM in room GE 168.

e-TA SERVICE

Students could also e-mail course-related questions to the e-TA Service for a response from one of the Teaching Assistants assigned to this section of the course (e-mail address to be announced).

Instructions for the Use of e-TA Service

- You must use your UTORmail account or your message will be automatically deleted.
- Your subject line must say ECO 100, or your message will be deleted without being read.
- In your e-mail, you must show some evidence of having tried a question before seeking clarification from e-TA. Make your question(s) as specific as possible.
- You are requested to include your name and student number at the end of the e-mail.
- You can expect a reply within 24 hours, assuming volumes are reasonable.
- We may need to limit the number of individual requests, should volumes be too large. Do not wait until the day before a test — you may not get an answer! Before a test, the latest time for an enquiry is 5:00 PM on the day before the test (but remember that there are no guarantees, so it's wise not to wait until 4:55 PM).
- You should recognize that answers will not include diagrams, and as a consequence, there could be some challenges in interpreting questions and answers.
- For extremely complex problems and issues, you are encouraged to make use of the face-to-face services of the Aid Centre where TAs can assist you and interact with you in real time, rather than via cyberspace.
- Your first source for e-questions is the e-TA. If you are not satisfied with an answer you get via e-TA, you are free to e-mail the instructor. I will expect you to include a copy of your question and the reply received from e-TA.
- e-TA is NOT to be used for administrative questions like: "Is there a lecture this Tuesday?"

TESTS/EXAMS

There will be two 2-hour tests and the final exam. The tests will be written on June 14 and July 26 from 2:00 to 4:00 PM in a location to be announced. Note that the tests will **not** be written during regular lecture times. Students with a time conflict will be allowed to write the tests at an alternative time. In such cases, students must submit evidence — and receive approval — **at least one week** before the date of the test.

EVALUATION

The breakdown of the final grade will be as follows: each of the two tests will count for 25 percent of the final mark and the final exam will count for the remaining 50 percent of the final mark.

MAKE-UP TEST

Students missing a term test for a certified medical reason, or other approved cause, will be permitted to write a comprehensive make-up test towards the end of the term. **In these instances, students are required (*without exceptions*) to submit official documentation *within one week* of the missed test.** The official University of Toronto Medical Certificate, available for downloading from the course website, must be used. **Medical Certificates must be submitted to the *instructor in person* (i.e., not to the Department's receptionist and not by fax or e-mail).** **Students who do not qualify for writing the make-up test will receive a *grade of zero* for the missed test.** The make-up test will be written on Friday, August 2 from 2:00 to 4:00 AM in a location to be announced. Please note that the material for the make-up test will include the entire material covered for Tests 1 and 2. **Also note that there will be no special allowance for any possible time conflict.**

SUBMISSION OF MEDICAL CERTIFICATES

The University is cracking down on the excessive use — i.e., abuse — of doctors' notes to request tests and exam deferrals. Doctors' notes are supposed to certify that a student was ill and thus unable to write a test on a specific date, but they are not supposed to be used as an instrument for time management. The Office of Student Academic Integrity (OSAI) has started to evaluate the submission of suspicious medical

certificates.

If you are unable to write any of the tests for medical reasons, you must submit a doctor's note where the physician clearly indicates that in his/her professional opinion you were unable to write the test on that particular date. This means that the doctor cannot limit him/herself to repeat what you have told him/her — the physician must clearly certify that you were sick **and** unable to write the test on that particular day.

Note that medical certificates indicating conditions such as headaches, stomach ache, cold or other similar conditions will not be accepted as sufficient excuse for not writing a test. All suspicious submissions of medical certificates will be rejected or forwarded to OSAI for further evaluation.

ACADEMIC INTEGRITY

Academic integrity is one of the cornerstones of the University of Toronto. It is critically important both to maintain our community which honours the values of honesty, trust, respect, fairness and responsibility and to protect you, the students within this community, and the value of the degree towards which you are all working so diligently.

According to Section B of the University of Toronto's *Code of Behaviour on Academic Matters* (<http://www.utoronto.ca/govcncl/pap/policies/behaveac.html>), which all students are expected to know and respect, it is an offence for students:

- To obtain unauthorized assistance on any assignment.
- To provide unauthorized assistance to another student. This includes showing another student completed work (e.g., an answer in a test).
- To falsify or alter any documentation required by the University. This, includes, but is not limited to, doctor's notes.
- To alter and submit for re-marking any course assignment (e.g., a test).
- To obtain under false pretence a doctor's note.
- To use or possess an unauthorized aid in any test or exam (e.g., a cellphone).
- To continue writing when the time is up in any test or exam.

There are other offences covered under the Code, but these are by far the most common. Please respect these rules and the values which they protect.

MARKING AND APPEALS

Disputes over the evaluation of a test should be discussed with the instructor. After reviewing the solution posted on the course website, **submit in person a brief note** clearly indicating the reasons for your disagreement with the marking. Disagreement with the marking means that an error might have been made — for instance, the marker failing to consider a part of your answer. Note that indicating that in your view you deserved a higher mark is not a sufficient reason for requesting a remarking of a test. You must submit your appeal **within one week** after the test is returned to students. Please note that all questions of the test will be remarked and not only the question in dispute.

SOLUTIONS TO PROBLEM SETS

The purpose of the problem sets is to help you build skills and to deepen your understanding of the course material. One important skill is being able to figure out a solution approach to a problem that you have not seen before. To develop this skill and get a thorough comprehension of the subject you must make every effort to solve the problem yourself with the help of your lecture notes and the textbook. Consider answering these questions as if they were part of an open-book exam with the additional advantage of not having a time constraint. After you complete your answer to a question, then compare it to the solution provided in order to confirm that your answer is correct or to reflect where you might have gone wrong.

Looking at the solutions before attempting to answer the questions is not helpful. You might look at the solution and say: "Oh, this is easy." And it might be easy, but you haven't learned anything from this exercise. I would dare you to wait 30 minutes and attempt to answer the same question without looking at

the solution. You will see that the “easy” answer to the question is still as difficult as it was 30 minutes earlier. To look at the solutions first is the wrong approach—most likely you will forget the correct “easy” answer in no time. However, if you get to answer the question by yourself you will learn a lot more than just what the correct answer might be. You will learn “how” to get to the correct answer and you will also learn many details that had escaped you when you read your lecture notes and the textbook time and again. And I can assure you that what you learn in this way you will not easily forget.

Of course, all this also applies to the solutions to old tests posted on the course website. **Attempt to answer these old tests without looking at the solutions!**

COURSE OUTLINE AND READING ASSIGNMENTS

Lecture 1 – Introduction – Chs. 1 and 2

Lecture 2 – Demand and Supply – Chs. 3 and 5

Lecture 3 – Elasticity – Ch. 4

Lecture 4 – Consumer Behaviour – Ch. 6 (including the Appendix)

Lecture 5 – Production and Costs in the Short-Run – Ch. 7

Lecture 6 – Production and Costs in the Long-Run – Ch. 8 (including the Appendix)

Lecture 7 – Short-Run Competitive Equilibrium – Ch. 9 (only sections 9.1, 9.2 and 9.3)

Lecture 8 – Long-Run Competitive Equilibrium – Ch. 9 (only section 9.4)

Lecture 9 – Monopoly – Ch. 10

Lecture 10 – Allocative Efficiency, Externalities, and Government Intervention – Chs. 12, 16 (only pp. 383-391) and 17 (only sections 17.1 and 17.2)

Lecture 11 – Introduction to Macroeconomics – Ch. 19

Lecture 12 – National Income Accounting – Ch. 20

Lecture 13 – Fixed Price Model: Aggregate Expenditure and Equilibrium Income – Chs. 21 and 22

Lecture 14 – Flexible Price Model: Aggregate Demand and Aggregate Supply – Ch. 23

Lecture 15 – Money, Banking, and Monetary Policy – Chs. 27 and 29

Lecture 16 – The Demand for Money and Equilibrium in the Money Market – Ch. 28

Lecture 17 – International Trade – Chs. 33 and 34

Lecture 18 – Balance of Payments and Exchange Rates – Ch. 35