

University of Toronto: Department of Economics

ECO100Y L5101: Principles of Economics

Summer, 2013: MW 6-9PM in MP203

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Office Hours: MW 5:10-6:10PM in MP203, TR 5:10-6:10PM in SS2102

TEXTBOOK: *Economics* (14th Canadian Edition)

Christopher Ragan and Richard Lipsey. Toronto: Addison-Wesley, 2010

EVALUTION: Four 1-hour term tests comprise 50% of the total grade. A 3-hour final exam comprises the other 50% of the total grade in this course.

The midterm exams are from 6:10 to 7:10PM on **June 3, June 19, July 17, and August 7**. Each midterm is a combination of diagrammatic, calculation, explanation and multiple-choice questions and covers the material since the previous midterm. Students who miss a midterm must email me a scanned copy of a medical/funeral document within one week of the exam to write a midterm covering the whole course from 5:10 to 6:10 PM on August 12. The final examination is divided into multiple-choice questions, worth 50% of the exam, and analytic/diagrammatic/calculation questions, worth 50% of the exam. Each student in ECO100Y will answer the multiple-choice questions, which cover core material common to all sections, and will also answer other questions specific to their section.

LECTURES and TUTORIALS

I will sell a package of Lecture Notes, Problem Sets, and Practice Exams with solutions at cost (\$10) in class. These problem sets are not graded but provide exercises necessary to clarify the economic models presented in the lectures and tested on exams.

Teaching Assistants will provide tutorials every week to clarify the problem sets and will also hold office hours for individual consultation on problems.

TUTORIALS/OFFICE HOURS:

Tuesday/Thursday 2:00 – 3:00 PM

Tuesday/Thursday 3:00 – 4:00 PM

Tuesday/Thursday 4:00 – 5:00 PM

Tuesday/Thursday 5:00 – 6:00 PM

LECTURE AND READING SCHEDULE

May	13	Introduction and Basic Definitions: Chapter 2 and Appendix Chapter 1 Production Possibilities Curves. Ch.1, particularly 4-9 Problem Set: Production Possibilities
May	15	Demand: Ch. 3, 55-64; Supply, 64-68 Problem Set: Demand and Supply
May	22	Equilibrium Price and Quantity. Ch. 3, 68-77 Government Price Controls. Ch. 5, 98-113; Ch.14: 346-348 Problem Set: Market Equilibrium and Price Controls
May	27	Elasticity Ch. 4, 81-90, 95-98; Elasticities and Tax: Ch. 4, 92-95 Problem Set: Elasticity and Per Unit Taxes
May	29	Consumer Choice: Budget Lines & Indifference Curves. Ch. 6 Appendix, 143-4 Consumer Equilibrium and Derivation of Demand. Ch. 6 Appendix, 148-50. Problem Set: Consumer Choice
June	3	Midterm Exam #1: 6:10PM – 7:10PM (Lecture begins at 8:30PM) Substitution and Income Effects. Ch. 6, 130-38; Appendix, 150-51 Problem Set: Derivation of Demand and Income/Substitution Effects
June	5	The Firm and Short-run Product. Ch. 7, 153-66 Short-run Cost. Ch. 7, 166-173 Problem Set: Short-run Cost

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- June. 10 Short-run Competitive Equilibrium: Ch. 9, 200-214
Long-run Cost. Ch. 8, 177-185
Problem Set: Short-run Equilibrium
- June 12 Competitive Long-Run Equilibrium. Ch. 9, 215-220
Monopoly: Marginal Revenue and Profit Maximization. Ch. 10, 227-230
Problem Set: Long-run Equilibrium
- June 17 Monopoly Equilibrium. Ch. 10, 230-34
Natural Monopolies and Cartels: Ch. 10, 237-241
Problem Set: Monopoly
- June 19 **Midterm Exam #2: 6:10 - 7:10 PM** (Lecture begins at 8:30PM)
Economic Efficiency. Ch.5: 113-120, Ch. 12: 281-296
Problem Set: Efficiency
- July 3 Externalities. Ch. 16, 391-397; Ch. 17, 418-423; Ch. 18: 454-457
Gains from Trade, Ch. 34: 846-858; Comparative Advantage, Ch. 33, 823-839
Problem Set: Comparative Advantage
- MACROECONOMICS**
- July 8 Business Cycles and Unemployment. Ch. 19, 473-483, Ch. 31, 775-796
Price Indices and Inflation. Ch. 19, 484-493; Ch. 20: 509-511
Problem Set: Price Indices and Unemployment
- July 10 Gross Domestic Product (GDP) and National Accounts. Ch. 20, 497-505
National Accounts: Expenditure and Income. Ch. 20, 505-515
Problem Set: National Accounts
- July 15 Aggregate Expenditure (AE): Consumption (C). Ch. 21, 518-527
AE: C + I (Investment) and Equilibrium. Ch. 21, 527-541
Problem Set: Consumption/Investment
- July 17 **Midterm Exam #3: 6:10 - 7:10 PM** (Lecture begins at 8:30PM)
Equilibrium: $C + I + G + X - IM = Y$ & Multipliers. Ch. 22. 545-559; Appendix
Government Deficits. Ch. 32: 801-809
Problem Set: MacroModel
- July 22 Money and Banking. Ch. 27, 664-671
Money Supply. Ch. 27, 678-685
Problem Set: Money Supply
- July 24 Money Demand. Ch. 15: 361-367; Ch. 28: 690-699
Equilibrium Money and Interest Rate. Ch. 28, 700-703
Problem Set: Money Demand/Supply and Equilibrium
- July 29 Bank of Canada and Monetary Policy. Ch. 29, 719-733
Money and GDP Equilibrium. Ch. 15: 367-371
Problem Set: Money and GDP Equilibrium
- July 31 Aggregate Demand. Ch. 23, 566-572
Aggregate Supply and Short-run Equilibrium. Ch. 23, 575-576
Problem Set: Aggregate Demand/Supply in the Short-run
- August 7 **Midterm Exam #4: 6:10 - 7:10 PM** (Lecture begins at 8:30PM)
Aggregate Demand and Aggregate Supply Shocks. Ch. 23, 572-583
Long-run Aggregate Demand/Supply. Ch. 24; Ch. 28: 707-714; Ch. 30: 756-61
Problem Set: Aggregate Demand/Supply in the Short-run
- August 12 Balance of Payments and Flexible Exchange Rates. Ch. 35, 873-878
Fixed Exchange Rates and Monetary Policy; Ch. 35, 878-889
Problem Set: Balance of Payments and Exchange Rates