

**University of Toronto**  
**Department of Economics**  
**ECO100Y L0401: Principles of Economics**  
Fall/Winter, 2013/2014: BT101

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Office Hours: GE344: Tuesdays, 12:00 – 1:50 PM

**TEXTBOOK:** *Economics* (14<sup>th</sup> Canadian Edition)  
Christopher Ragan and Richard Lipsey. Toronto: Addison-Wesley, 2013

**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 10:00 to 11:00 AM on Friday, October 18, November 29, January 31, and March 14. 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 or funeral document within one week of the exam. Students who miss midterms for a valid medical reason must write a 1-hour make-up exam covering the whole course from 1:10 to 2:10 PM on Friday, March 30.

The final examination is divided into multiple-choice questions, worth 50% of the exam, and analytic/diagrammatic/calculation/explanation 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 the other questions specific to their section.

### **LECTURES and TUTORIALS**

I will sell a package of Lecture Notes and Problem Sets with solutions at cost 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.

### **EXAM PROTOCOL**

Midterms take place from 10:00 – 11:00 on specific Fridays. I will try to arrange exam rooms. You must use only non-programmable calculators, have only writing implements (pens, rulers, etc.), begin the exam with everyone else and stop writing when time is up. Any transgression is an academic offense and subject to sanction. You must write midterms in pen though you may write the final in pencil.

### **REMARKING MIDTERMS**

We will hand the midterms back one week after the exam. I will post the answers and marking scheme to the exam on Blackboard at that point. Please go through the answers carefully to see if the TAs made any mistake in marking since I will only accept requests for remarking during my office hours and the class breaks during the following week (i.e., second week after the exam) but only if you have consulted my marking scheme. It is very important to understand your mistakes since the final exam covers much of this material again

**ECO100Y: Fall/Winter, 2013/2014**  
**LECTURE AND READING SCHEDULE**

Sept.	10	Introduction Basic Definitions: Chapter 2 and Appendix Chapter 1
Sept.	13	Production Possibilities Curves. Ch.1, particularly 4-9 Problem Set: Production Possibilities
Sept.	17	Demand: Ch. 3, 55-64 Shifts in Demand
Sept.	20	Supply, 64-68 Problem Set: Demand and Supply
Sept.	24	Equilibrium Price and Quantity. Ch. 3, 68-77 Government Price Controls. Ch. 5, 98-113
Sept.	27	Government Price Controls: Ch.14: 346-348 Problem Set: Market Equilibrium and Price Controls
Oct.	1	Elasticity Ch. 4, 81-90 Elasticity: Ch. 4, 95-98
Oct.	4	Elasticity and Tax: Ch. 4, 92-95 Problem Set: Elasticity and Per Unit Taxes
Oct.	8	Consumer Choice: Budget Lines. Ch. 6 Appendix, 143-44 Consumer Choice: Indifference Curves. Ch. 6 Appendix, 145-47
	11	Consumer Equilibrium and Derivation of Demand Ch. 6 Appendix, 148-50 Problem Set: Consumer Choice
Oct.	15	The Firm and Short-run Product. Ch. 7, 153-66 Labour Demand
Oct.	18	<b>Midterm Exam #1: 10:00 - 1:00 AM</b> Problem Set: Derivation of Demand and Income/Substitution Effects
Oct.	22	Short-run Cost. Ch. 7, 166-170 Short-run Cost. Ch. 7, 170-173
Oct.	25	Short-run Competitive Equilibrium: Ch. 9, 200-214 Problem Set: Short-run Cost
Oct.	29	Short-run Competitive Equilibrium: Ch. 9, 200-214 Changes in Short-run Competitive Equilibrium: Ch. 9
Nov.	1	Changes in Short-run Competitive Equilibrium: Ch. 9 Problem Set: Short-run Competitive Equilibrium
Nov.	5	Long-run Cost. Ch. 8, 177-185 Competitive Long-Run Equilibrium. Ch. 9, 215-220
	8	Changes in Competitive Long-Run Equilibrium. Ch. 9, 215-220 Problem Set: Long-run Equilibrium
Nov.	15	NO CLASS
Nov.	19	Monopoly: Marginal Revenue and Profit Maximization. Ch. 10, 227-230 Natural Monopolies and Cartels: Ch. 10, 237-241
	22	Economic Efficiency. Ch.5: 113-120 Problem Set: Monopoly
Nov.	26	Efficiency: Competition versus Monopoly. Ch. 12: 281-296 Externalities. Ch. 16, 391-397; Ch. 17, 418-423; Ch. 18: 454-457 Problem Set: Efficiency
Nov.	29	<b>Midterm Exam #2: 10:00 - 1:00 AM</b>
Jan.	7	Gains from Trade. Ch. 34: 875-876 Comparative Advantage. Ch. 33, 843-855

### ECO100Y: Fall/Winter, 2013/2014

- 10 Comparative Advantage. Ch. 33, 843-855  
Problem Set: Comparative Advantage  
**MACROECONOMICS**
- Jan. 14 Business Cycles. Ch. 19, 475-484  
Unemployment. Ch. 31
- 17 Price Indices and Inflation. Ch. 19, 484-493; Ch. 20: 509-511  
Problem Set: Price Indices and Unemployment
- Jan. 21 Gross Domestic Product (GDP). Ch. 20, 498-499  
National Accounts: Expenditure. Ch. 20, 500-508
- 24 National Accounts: Income. Ch. 20, 510-513  
Problem Set: National Accounts
- Jan. 28 Aggregate Expenditure (AE): Consumption (C). Ch. 21, 518-527  
AE: C + I (Investment) and Y (GDP) Equilibrium. Ch. 21, 527-542
- Jan. 31 **Midterm Exam #2: 1:10 - 2:10 PM**  
Problem Set: Consumption/Investment
- Feb 4 Equilibrium:  $C + I + G + X - IM = Y$  Ch. 22. 547-562; Appendix  
Equilibrium:  $AE = Y$  & Multipliers. Ch. 22. 547-562; Appendix
- 7 Government Deficits. Ch. 32: 819-825  
Problem Set: MacroModel
- Feb. 11 Money and Banking. Ch. 27, 672-679  
Money Supply. Ch. 27, 679-695
- 14 Money Supply: Bank of Canada. Ch. 27, 679-695  
Problem Set: Money Supply
- Feb 25 Money Demand. Ch. 15: 360-364; Ch. 28: 701-710  
Money Demand. Ch. 15: 360-364; Ch. 28: 701-710
- Feb. 28 Equilibrium Money and Interest Rate. Ch. 28, 710-714  
Problem Set: Money Demand/Supply and Equilibrium
- March 4 Bank of Canada and Monetary Policy. Ch. 29, 729-744  
Marginal Efficiency of Investment
- 7 Money and GDP Equilibrium. Ch. 15: 364-368  
Problem Set: Money and GDP Equilibrium
- March 11 Monetary and Fiscal Policy: Crowding Out  
Aggregate Demand. Ch. 23, 570-575
- 14 **Midterm Exam #4: 1:10 - 2:10 PM**  
Problem Set: Aggregate Demand/Supply in the Short-run
- March 18 Aggregate Demand. Ch. 23, 570-575  
Aggregate Supply and Short-run Equilibrium. Ch. 23, 575-582
- 21 Aggregate Demand Shocks in the Short-run. Ch. 23, 582-586  
Problem Set: Aggregate Demand/Supply in the Short-run
- March 25 Long-run Aggregate Demand/Supply. Ch. 24; Ch. 28: 717-722; Ch. 30: 764-69  
Aggregate Demand and Aggregate Supply Shocks. Ch. 23, 582-586
- 28 Balance of Payments: Ch. 35, 893-904  
Problem Set: Aggregate Demand/Supply in the Long-run
- April 1 Flexible Exchange Rates. Ch. 35, 893-904  
Fixed Exchange Rates and Monetary Policy; Ch. 35, 919-924
- 4 Problem Set: Balance of Payments and Exchange Rates