

Department of Economics  
University of Toronto  
Summer 2014

**ECO 100Y – L0101**  
**INTRODUCTION TO ECONOMICS**

MW 2-5 – MP 103

**INSTRUCTORS**

**First Term**

Gustavo Indart  
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**Second Term**

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**OFFICE HOURS**

Tuesdays 9:00 – 10:00 AM

**OFFICE HOURS**

Tuesdays 12:00 – 1:00 PM

**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, *Economics*, Fourteenth Canadian Edition (Toronto: Pearson Addison Wesley, 2014). The purchase of the accompanying study guide by P.T. Dickinson and G. Indart (Fourteenth Canadian Edition) is also required.

**COURSE WEBSITE**

The course website for the first half of the course is <http://www.economics.utoronto.ca/gindart/>. The course website for the second half of the course is <http://www.economics.utoronto.ca/jburley/>. On the course websites 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 103.

**TUTORIALS**

Tutorials will be offered twice weekly to answer questions arising from the problem sets, end-of-chapter problems, the Study Guide, or other course material. Starting on May 19, tutorials will be held every Monday and Wednesday from 4:00 to 5:00 PM in room MP 103.

## ECONOMICS AID CENTRE

Teaching assistants will be available to provide individual instruction on course material at the Economics Aid Centre. The Aid Centre will be available every week, with hours and location to be announced early in the semester.

## TESTS/EXAMS

There will be three 2-hour tests and the final exam. The three term tests will be written according to the following schedule:

	Date	Time	Location
Test 1	June 6	2:00 – 4:00 PM	EX 100
Test 2	Week of June 23	To be announced	To be announced
Test 3	July 25	2:00 – 4:00 PM	EX 100

Note that the tests will **not** be written during regular lecture time. Students with a time conflict will be allowed to write Test 1 and Test 3 at an alternative time. In such cases, students must submit evidence — and receive approval — **at least one week** prior to the date of the test.

## EVALUATION

The breakdown of the final grade will be as follows: each of the three tests will count for 16 and 2/3 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 1 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 in the three term tests. **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 OLD TESTS

The purpose of providing old tests (and 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 when 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, when you answer the question by yourself you learn a lot more than just what the correct answer might be. You learn "how" to get to the correct answer and you 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.

**COURSE OUTLINE AND READING ASSIGNMENTS\*****First Term** (Instructor: *Gustavo Indart*)

Lecture 1 – Introduction to Microeconomics – 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

**Second Term** (Instructor: *Jessica Burley*)

Lecture 10 – Imperfect Competition – Ch. 11

Lecture 11 – Allocative Efficiency, Externalities, and Government Intervention – Chs. 12, 16, and 17

Lecture 12 – Introduction to Macroeconomics and National Income Accounting – Chs. 19 and 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 and 24

Lecture 15 – Money, Banking and Monetary Policy – Chs. 27, 28, and 29

Lecture 16 – Inflation and Unemployment – Chs. 30 and 31

Lecture 17 – International Trade – Chs. 33 and 34

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

*\*This lecture schedule is subject to change. The instructor will announce any changes.*