

ECONOMICS 101H: FALL 2018
Section L5101 (A&S) / L2501 (Engineers)
PRINCIPLES OF MICROECONOMICS
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IMPORTANT NOTICE

The former “full year” ECO 100Y course, *Introduction to Economics*, has been discontinued. It has been replaced by two half-courses:

1. ECO 101H *Principles of Microeconomics* (Fall 2018); and
2. ECO 102H *Principles of Macroeconomics* (Winter 2019).

This Course Outline relates to the Microeconomics ECO 101H half-course for the Fall of 2018.

You may come across various documents from ECO 100Y; be aware that there are differences between the content and requirements of 100 vs 101 + 102!

About the Course

This is an introductory course in basic microeconomic principles. We will focus on the behaviour of individual "economic agents" (consumers and producers) and deal with concepts such as supply and demand, theory of the firm, competition and monopoly. The roles and impacts of government are analyzed throughout.

This course is designed to expose you to the facts, theories and models of the discipline of Economics. It is also designed to develop your analytical skills, to help you to think for yourself, and to learn to apply the principles and techniques of Economics to new problems and situations. Tests are challenging, but within the grasp of those who work hard to refine their Economics' reasoning skills.

Course Objectives

1. Help you learn how to think like an economist and thereby analyze various scenarios, including personal ones, through that lens
2. Introduce you to basic microeconomic principles and models, and how they can be applied to public policy issues
3. Develop your problem-solving skills, using course concepts
4. Prepare you for higher-level ECO courses, should you wish to enrol in them

Grades

Your **final grade** is based on both your final examination mark and your term mark.

Your **term grade** is determined as the weighted average of 2 term tests, totaling 58%, plus 1% allocated to a “Warm-up Exercise” at the beginning of the semester, and 1% allocated to a “Follow-up” at the end of the term (details below).

Here is the breakdown of your total grade:

“Warm-up”	September	1%
Test 1 (T1)	October	22%
Test 2 (T2)	November	36%
“Follow-up”	December	1%
Term Grade		60%
Final Exam	December	40%
	TOTAL	100%

Warm-Up Exercise

The “**Warm-up**” is an online exercise scheduled for the first weeks of the Fall term. (<http://economics.utoronto.ca/warmup>). The exercise involves answering questions about personality traits or goals and should take about 45 to 90 minutes. Its purpose is to learn more about how to help promote academic and personal success – your success! There will be a follow-up survey too. More information to follow soon.

Term Tests

Term tests are scheduled for **Friday evening** as follows:

- T1 on Friday October 19th at 7:00pm (60 minute test)
- T2 on Friday November 23rd at 7:00pm (90 minute test)

Another Important Notice:

These tests are being held out of normal lecture hours, on Friday evening, which may create a conflict for some students.

If you have a conflict, you MUST so inform me by end of day, Monday October 1 to make alternate arrangements for the same day. These arrangements need to be settled by Friday October 5th. Otherwise, you will be required to sit the test at the announced day and time.

Solutions to tests will be discussed in tutorials only.

An appeal of a test grade must be typed (on paper, not an email) and provided to me together with a full copy of your test. You must identify which question you believe was marked incorrectly, and provide an explanation of why you think your answer deserves additional marks. The question/answer you point out, plus others, will be reviewed. To use a term that is used in ECO 200, the “Expected Value” of a re-mark request is not necessarily positive!

The appeal must be handed in within two weeks¹ of the date on which graded tests are provided to you.² You can give me your appeal document at subsequent lectures or leave it for me at the Reception Desk, Department of Economics, Gluskin House, 150 St. George St. If the latter, notify me by email that you have done so.

It is wise to attend a tutorial where solutions are discussed before submitting a grading appeal.

Missed Tests

Do your best not to miss a test. It is in your best interests to sit tests, so you can obtain an assessment of your ability to do ECO problems.

However, if this is unavoidable due to illness, family trauma or work commitments, you must provide the appropriate documentation to me within 1 week. Medical notes **must state that you were too ill to write the test**. You **must use the U of T Verification of Student Illness** or Injury Form found at www.illnessverification.utoronto.ca.

The **Make-Up Test** will occur in December for all students who missed either T1 or T2. It will be comprehensive i.e. it will cover materials from both tests, not just a single test missed.

Final Examination and Final Grade

The **final examination** in Exam Week is scheduled for all sections of this course at the same time. (Note: The exam will likely be held morning or afternoon.) The exam consists of two parts: one part that is common to all sections (i.e., all students do this part) and one part that contains questions only for the L5101/L2501 section. The final exam covers the entire course materials.

¹ Two weeks for T1 is ok; one week for T2, as the term ends quickly after the second test.

² The current plan is to provide online access to your graded test via the Crowdmark website.

You must obtain a grade of 63% in ECO 101 to be eligible to take higher-level ECO courses required for a Major degree.³ Based on past experience, your professor can attest that not every student attains that level; indeed, many more than he would like do not make the grade.

Students sometimes compare their test results to that of students they know in other sections of ECO 101, and then look to the average grade in various sections, which may be higher or lower than the average for our section. Some students become concerned about the differences, concluding that they will be disadvantaged.

Here is an **official statement about final grades** that assures all of you that they will be fairly awarded across sections:

- *Historically, the average grade across all sections of Economics 101 is C+.*
- *The average grade in each section will vary to reflect the relative performance of students in that section on the common part of the final examination.*
- *The average grade for a section whose students perform above average on the common component of the final examination will be higher than the overall average grade for Economics 101, and conversely.*
- *The average grade on each term test will, inevitably, vary across sections. However, it merits emphasis that students in a section where the average grade on a term test is low are NOT disadvantaged on this account. The average FINAL grade awarded in each section will reflect the performance of that student's section on the common part of the final examination.*

Lectures and Tutorials

Lectures will take place on every Monday (except, of course, for holidays and break periods) in Medical Sciences Auditorium (MS2158). Lectures can be lengthy, as we meet only once per week. It takes considerable discipline to stay focused the entire time (and that applies both to you and to me!).

Lecture Assignments (LAs) will be available on the Quercus course website in advance of classes. These are essentially an outline of the lectures. The LAs also provide references to the key pages in the text. You should review the LAs and the associated text readings prior to the lecture. Note that one Lecture Assignment may span more / less than a single class. Note also that the solutions to LAs are provided through the lectures; there are no web postings.

³ In addition, you must obtain a 63% grade in ECO 102 to gain entry. In some ECO and other programs, the requirement is even higher. For instance, to enroll in ECO 206 (Micro) and ECO208 (Macro), courses required for an ECO Specialist degree, a minimum grade of 70% in both ECO 101 and ECO 102 is required.

You should bring a copy of the relevant Lecture Assignment(s) to class, (or have it on your laptop, or perhaps your phone)⁴, as a guide to the outline of the lecture. Some students take lecture notes directly on the LA document. If you choose to do this, you might want to create more “white space” to provide room for notes. Alternatively, some students take notes separately. You should find a note-taking methodology that works best for you. One of the challenges in lectures is to avoid mere copying without expending any intellectual effort to understand the contents.

In addition to the lecture, there will be **tutorials** on Monday afternoons and other days in the week too (to be announced; you get to select which tutorial to attend). Problem Sets will be provided in advance, to be taken up during the tutorial session. (Note: Attending tutorials without having attempted the problems in advance is a short-sighted strategy).

There will also be Handout Problems in some tutorials that you will do “on the spot”. These are available only to those who attend tutorials. Doing these and other problems is essential in learning how to use economic constructs.

This Fall, there is a **break period** for the week of November 5. There will be no Monday class or tutorials that week. Also, no class or tutorials for the Thanksgiving week of October 8th. Note that this missed Monday class will be made up in December on Thursday December 6th.

Sources of Assistance

If you are having difficulties, do not delay in seeking assistance. There are a number of sources of both informal and formal help:

- Ask a fellow student.
- Form a study group.
- Go to an **ECO 101 Aid Centre** (location and hours to be announced soon on the BB course website).
- Post questions on **Piazza** for an online dialogue with fellow students with oversight from one of the Teaching Assistants assigned to this section of the course (information to be announced soon on Quercus).
- Try the **Department of Economics Study Centre**, a peer tutoring service; for more information, go to www.economics.utoronto.ca/index.php/index/undergraduate/load/studyCentre

If you cannot get satisfaction any of those ways, please see me before or after class or e-mail me. I always stay after lectures until all questions are answered, so do not hesitate to come forward with your enquiries.

⁴ This is the only approved use of electronics in class.

Ongoing Learning Disability or Accommodation Requirement

Students with diverse learning styles and needs are welcome in this course.

If you have an ongoing disability issue or accommodation need, you should register with Accessibility Services (AS) (accessibility.utoronto.ca) at the beginning of the academic year. Without registration, you will not be able to verify your situation with your instructors, and instructors will not be advised about your accommodation needs.

AS will then assess your medical situation, develop an accommodation plan with you, and support you in requesting accommodation for your course work. Remember that the process of accommodation is private: AS will not share details of your condition with any instructor, and your instructors will not reveal that you are registered with AS.

Text, Study Guide and Publisher Website

The **text** for this course is Economics, 9th Edition by authors Parkin and Bade.

The choice of text purchase has become trickier, now that there are the two half courses, as the publisher offers a Micro text, a Macro text and a combined full text!

Further there are options for what you acquire: a hard copy of the text or an e-text instead. If you acquire a new text or e-text, you gain access to the publisher's website at www.myeconlab.ca which essentially serves as a Study Guide (not required.)

If you buy a used textbook, you can purchase access to the website separately. The Bookstore will have information on your choices.

However, it gets even more complicated now! If you buy the combined text, you will be ok if you enroll in my section of ECO 102 in the Winter. BUT, if you enroll in another section, there will likely be another Macro text used. On the other hand, there is a used text market, if you decide not to keep your text in your professional library.

Call all this a *Choice Under Uncertainty*, a topic covered in second year Microeconomics! In other words, consider your options carefully.

Course Website

There is a **course website** on U of T's Quercus system. Go to <https://q.utoronto.ca/>, log in with your UTORID and password, and then click on this course. (There is a combined website for both sections, L5101 and L2501.)

The website is where you will find all of the **Lecture Assignments, Tutorial Problem Sets, Web Quizzes** (MC questions), **Sample Past Tests, Announcements**, and other **Course Information**. I will not be providing any of that to you in hard copy; you are to obtain these from the website.⁵

There is a **Preamble** to each of the folders/modules on Q (Lecture Assignments, Web Quizzes, etc.) on the BB course website. *You are urged to read the Preamble before downloading any of the other items in the folder.*

Reminder once again that there are difference between former full-year ECO 100 and this half-course ECO101.

Quercus provides the capacity to post notifications / send emails. Watch for ones from me ahead of most lectures. The Webmaster will also advise you when the website has been updated.⁶

Note that a correction to marks will not show on Quercus until the next updating of the entire Q Grade Centre; this may be a few weeks after the correction has been approved.

Advice to Students

This is not a course in mathematical economics; however, certain basic tools of arithmetic (e.g. addition, subtraction, multiplication, etc.), geometry (e.g. freehand diagrams, computation of slope), and algebra (e.g. solving one equation in one unknown) are used extensively.

You must have these **mathematical skills** to succeed. The course website has a sample of math requirements useful for ECO 101 (see the *Math Test* folder); students who are not comfortable with these requirements are strongly advised to do remedial work immediately. See the Appendix to Chapter 1 of the text for some of what will be required.

⁵ **Past Final Examinations** can be found on the University's "Old Exams Repository.

⁶ It is wise practice to pay attention to emails / notices and to read those related to ECO 101. In the past, not all students have done so, alas!

Note for future reference: If you plan to go on in the study of Economics, you can expect an even higher dose of mathematics ...somewhat higher in ECO 200 and ECO 202 (Micro and Macro) and considerably higher in ECO 206 and ECO 208 (Micro and Macro for those seeking a specialist degree).

Be aware that considerable effort is required to obtain good results in ECO 101, and that minimal effort will not likely lead to a passing grade.

Here are some further suggestions from previous students:

- *“Establish a pattern of working hard right from the start.”* [Eitan P.]
- *“You can get the results if you invest in the effort.”* [Ashley K.]
- *“Do not procrastinate – you must not fall behind.”* [Ben H.]
- *“The more you work at it, the more interesting it gets.”* [Asuma B.]
- *“Economics cannot be learned overnight. Cramming before a test or paying for last-minute review sessions is no substitute for working hard all semester long.”* (James M.)

Here is an interesting comment from a former ECO 100 student, at the time that he was awarded an Economics Scholarship Award at the end of his second year:

“The more I studied ECO 100, the more I liked it.”

And here is an email I received after the first test a few years ago:

I must say this is new for me, and I'll be honest I grossly underestimated your course.

The first couple lectures me⁷ and my friends noticed it was all the stuff we had just finished doing in High School Eco, thus, some of us started to skip, others like me showed up with my computer and sat in the back on the second floor trolling the internet when I should have been paying attention.

The first test was a wakeup call without a doubt. I took the blow standing up. The same day we got it back I went out got a notebook for the class, and all the other supplies a regular student needs.

Every lecture since this test has not been spent on the second floor trolling the internet, rather on the first floor close to the front, taking down notes with good old hand writing.

One thing, for sure, the 3 hour lectures ... they pass by A LOT faster when you are paying attention and taking notes. [M.L.]

This is a bad news-good news component to the above email. The “bad” of course is that this student did not take the advice in this Course Outline to work hard from the very first class. The “good” is that students can recover from an early setback, but it takes a major change in attitudes and behaviours.

⁷ I have copied the email as it was sent to me. I hope you recognize the grammatical errors in this message. This is the first one.

Fee-For-Service Providers

There are **entrepreneurs** who offer services to ECO 101 students the week before tests. They typically promise “perfect understanding” through a few hours of intensive study for a fee. *Caveat emptor!*

These entrepreneurs also sell copies of past tests. FYI, you can find samples of past tests⁸ (at no cost!) on the course website, with *correct* answers.

NOTE: These service providers are not associated with the University, and are not endorsed by the University or by me.

Finally, I encourage you to consider the following message taken from a poster sponsored by ASSU (The Arts and Science Student Union):

Having anxiety before a test is normal.

Companies that offer paid review sessions know this and prey on your anxiety.

*Free support is available. Make use of your free resources.*⁹

Copyright Considerations

- Reproducing or distributing course materials (lecture handouts/solutions, tutorial problems/solutions, tests/test solutions, exams etc.) to course sharing websites like OneClass or Course Hero violates UofT policy: "The unauthorised use of any form of device to ... reproduce lectures, course notes or teaching materials provided by instructors is covered by the Canadian Copyright Act and is prohibited" and is contrary to the Code of Behaviour on Academic Matters.
- Course materials are provided for the exclusive use of enrolled students. If a student puts any course materials into the public domain, sells or gives the materials to a person or company that is using them to earn money, UofT will support me in asserting and pursuing my rights and copyrights.
- Be aware that some private sector fee-for-service providers who distribute past tests are also violating copyright.
- I provide a wealth of materials to you, including sample tests and solutions, for free. There are also many free help resources provided to you. If you pay, you are wasting your money. Not a smart choice.

⁸ Mostly ECO 100 versions.

⁹ As noted above, free resources include Aid Centres, online Piazza, the Department of Economics Study Centre, fellow students and your prof.

Academic Integrity

- All students, faculty and staff are expected to follow the University's guidelines and policies on academic integrity.
- For students, this means following the standards of academic honesty when writing assignments, citing and using source material appropriately, collaborating with fellow students, and writing tests and exams. Ensure that the work you submit for grading represents your own honest efforts.
- Speak to me or your TA for advice on anything that you find unclear.
- Consult the Code of Behaviour on Academic Matters for a complete outline of the University's policy and expectations.
- **Consider yourself warned: DO NOT CHEAT! See <http://www.artsci.utoronto.ca/osai/The-rules/what-is-academic-misconduct>**
- Note that the only *electronic device* permitted at tests and the final exam in ECO 200 is a non-programmable, non-graphing calculator.¹⁰ The Academic Code says that mere possession (not use) of any other device while writing a test or examination is an academic offence; leave these other devices e.g., cell phones, iPads, berries, etc. in your bag at the side of the room. [Recent change in rules: you can leave your cell phone/other valuables under your desk in a re-sealable plastic bag.]
- *When picking up tests*, it is an academic offence to deliberately take another student's test.¹¹
- You must stop writing when time is up for tests and examinations. Not doing so is an academic offence and exposes you to academic sanctions.

Electronics Policy

The story above includes a comment about inappropriate use of electronics in lectures. Be aware that texting in class will not be tolerated. It is a distraction to others ... and a distraction for you too! Furthermore, I view it as highly disrespectful. There will be a separate document posted on Quercus with an *Electronics Policy*. Read it and follow it!

¹⁰ Be sure your calculator meets the standard.

¹¹ May not be applicable. The plan for 18/19 is online access to your marked test.

Email Protocols

Please do not email with a question that you can answer if you just access the BB course website. My role is not to be your personal search engine! Examples of these kinds of questions I have received in the past are:

- Are there tutorials this week?
- Where do I write the test?
- What materials will be covered on the test?
- Which problem set will be covered in tutorials this week?

There are some professors who will not answer email questions like those, as the student has a way to obtain the information without imposing on the prof to provide it directly. I will be following a “*one strike and you are out policy*”. I will answer a first request, with a reminder that the information can be found on the website. A second question of this type from the same student will not be answered!

Needless to say, it is quite proper to email me if an item has not been posted on the website in a timely way e.g., a problem set for an upcoming tutorial, information about an upcoming test, and so on. Indeed, I rely on you to do so, and I will correct any oversights as soon as possible.

Summary of Important Dates		
Monday September 10	First Lecture	In MS2158
Monday October 8	Thanksgiving	No Lecture
Friday October 19	Test #1	
Monday November 5	Fall Break	No Lecture
Friday November 23	Test #2	
Week of December 3	Make-Up Test	Date TBD
Thursday December 6	“Make Up Monday” Lecture	Last Lecture!
December 8-21 Exam Period	Final Examination	Date TBD

**HOW TO FAIL ECO 101
A Dozen Helpful Hints!**

1. Do not take seriously any of the messages in this Course Outline.
 2. Skip lectures.¹²
 3. Do practice problems rarely, if at all.
 4. Avoid tutorials and other prep sessions provided by your prof.
 5. Do not get help via the free resources when you need it.
 6. Use the textbook as a doorstep only.¹³
 7. Cram for tests and the exam.
 8. Pay entrepreneurs to save you at the last minute.
 9. Do not review your marked test.
 10. Find an excuse not to work hard.¹⁴
 11. Rarely consider how ECO 101 concepts apply to your daily life.¹⁵
 12. Take a full-time course load and add to that many hours of paid employment.
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If you do not challenge yourself to do the best you can do,
your results are not likely to be the best they can be!

Here is a quote from a previous student,
after receiving a stellar grade on Test#1:

*“The more you work at it, the more you understand it.
The more you understand it, the more you enjoy it.”*

She might have added this:

“The more you enjoy it, the better your grade will be!”

¹² Or attend lectures, but snooze your way through them with minimal intellectual effort. Example: don't try the in-class handouts; just wait for the answers and copy them.

¹³ Electronic equivalent: pay for the eTextbook but never access it.

¹⁴ Dislike of the prof, the lecture room, the evening lecture time, the lecture duration, the size of the class, or some other feature of the course.

¹⁵ Or do not apply!

ECO 101H: Fall 2018
PRINCIPLES OF MICROECONOMICS

This is a tentative listing.
Alterations, if any, will be announced as the semester unfolds!

TOPIC	TEXT CHAPTERS
Basic Concepts	1, 2
Supply, Demand, Elasticity	3, 4, 5, 6
Theory of Consumer Behaviour	8, 9
Theory of the Firm	11
Perfect Competition	12
Monopoly	13
Monopolistic Competition ¹⁶	14
Issues / Role of Government	16, 17
Other Topics as announced.	

Important Notes:

The Lecture Assignments identify the critical pages in each chapter.
Lectures do not always follow the flow of the text. Some lectures exceed what the text provides.
There can be differences in nomenclature between the text and lectures.

A Final Comment re Mental Health and Well-being

As a student, you may experience a range of challenges that can interfere with learning, such as strained relationships, increased anxiety, substance use, feeling down, difficulty concentrating and/or lack of motivation. These factors may affect your academic performance and/or reduce your ability to participate fully in daily activities.

All of us benefit from support and guidance during times of struggle. There are many helpful resources available through your college Registrar or through Student Life (www.studentlife.utoronto.ca).

An important part of the University experience is learning how and when to ask for help. Please take the time as early as possible to inform yourself of available resources and do not hesitate to seek assistance from me or your Teaching Assistant to help learn what supports are available.

¹⁶ If time permits.