

University of Toronto  
Department of Economics  
ECO 105Y1 – 2010/2011  
Principles of Economics for Non-Specialists [Revised August, 2010]  
Professor M. J. Hare [Room 336, Larkin Building, Trinity College]

A. Format for Eco 105Y

The Eco 105Y programme has been transformed ten years ago into a 22 unit lecture topic series which combines economic theory with a wide range of specific economic topics. It is not a mini Eco 100Y course. It is not a course in Economic History. However, students who wish to continue in Economics will have a basic background in most major economic areas. *Students who wish to enter an economics programme should take Eco 100Y.*

Under this format, the introduction of many contemporary topics, which are currently outside the core content of Eco 100Y, and which may not be addressed until third or fourth year courses in economics, are introduced. These topics include: the importance of economic growth and productivity growth; an analysis of the slowdown in economic growth in the industrial countries since 1973; the inability of developing countries to reduce their per capita income gap with industrial countries; the international debt crisis in Latin American during the 1980's; the Pacific Basin economic slowdown of 1997 in Thailand and region; the current issue of poverty reduction in low-income countries; why oligopolies may be good; the importance of international trade; the benefits and costs of selected government interventions in micro economics; an analysis of monetary policy; the concept of sustainable development, including water, from an economic perspective; the issue and the significance of Canada's current productivity dilemma. Each topic will be integrated with the relevant economic theory.

Each topic will be covered in a single lecture. A weekly tutorial program will support and extend the analysis for many lectures. Behind each topic will be a set of compulsory readings contained in a custom prepared Extract volume only available for purchase from Scholar House [100 Harbord Street]. *These Readings are compulsory.* There will be one set of Extracts for each term. There is no single economics text which could cover the diversity of the cited topics. For instance, within the first eleven lectures, references are made to in excess of forty different readings. There are no other readings required for Eco 105Y.

Each lecture is scheduled for a minimum of two hours and a maximum of two and a half hours– the required time to develop the necessary theory and to apply it to the topic of the day. An important tutorial sequence has been designed to expand and illuminate the content for many important lecture topics.

In addition to the Extracts, a lecture topic list and a detailed reading list will be available on the Web Site. After each lecture, the Web Site will include a short summary related to the lecture [with a detailed concept list]. A separate problem set, associated with the theoretical content of the lecture topic, will also be available on the Web Site. *Note: The lectures may contain significant content which is not summarized on the Web Site.*

**B. Grades****1. Two Term Tests [25% each]**

There will be two term tests, two hours each, during class time. Term marks will comprise 50% of the final grade. Limited choice will be allowed on each term test. The tests will require short essay answers and diagrams and will depend upon the lecture content combined with the compulsory readings in the EXTRACTS. **No multiple choice questions will be used in this course.** The test dates follow. These test dates will not change once rooms have been assigned.

- a. **Term Test 1:** Tuesday, November 16, 2010 [in class time in other rooms], which will include material covered from Lecture 1 to Lecture 9. [Test date to be confirmed.]
- b. **Term Test 2:** Tuesday, March 15, 2011 [in class time in other rooms], which will include material covered from Lecture 10 to Lecture 19. [Test date to be confirmed.]

**Note:** Students, who miss either Test 1 or Test 2, because of an officially supportable medical certificate or through approved personal problems [in writing] accepted by the instructor, will be offered a single two hour Make-Up Test. This Test will cover all-year material included on Test 1 and on Test 2 and will likely be written during the final week of lectures in April. **The Department is aware of “false” medical notes.**

**2. Final Examination [50%]**

There will be a three hour final examination which will cover the *complete* course. There will be some compulsory questions and some limited choice questions on the final exam.

**Note:** a. Students who receive 80% or higher, in Eco 105Y may enrol in Eco 200Y, Eco 202Y and Eco 220Y and other second year Economics Courses.

- b. *Cheating is considered a serious offence and will be seriously pursued.*

**C. Drop Date**

The Faculty has established February 21, 2011 as the final date for late withdrawal without academic penalty. Please remember this date. The instructor will not sign late withdrawal forms which are issued after this date.

### **D. Tutorials**

The class will be divided into tutorial sections of the order of 35 to 40 students each. The tutorials will not commence until early October. The tutorial selection process will be announced about the third week of lectures.

Each tutorial will be based upon a discussion of specific questions taken from a problem set associated with a specific lecture. The problem sets will be presented on the Web Site for this course. In the tutorials, student participation will be encouraged. Each tutorial is designed to elaborate on a particular part of the lecture or to expand the material related to lecture content for the topic. No student work is to be handed in for the tutorials. Students should evaluate the specific problems for the tutorial and *be prepared to discuss these problems during the tutorial.*

Each tutorial leader will be asked to compile a list of the three to five most active, participating students in each tutorial at the end of the year. These students will receive a BONUS of *two percentage points* on their final term grade percentage at the discretion of the teaching assistants in charge of the tutorial.

In addition to the tutorials, a Student Aid Centre, with weekly hours, will be established. The purpose of this Aid Centre is to answer specific student questions related to the course content.

### **E. Student Assistance**

Aid centre hours will be presented regularly each week, with minor exceptions. This programme will start in early October.

In addition, the instructor will offer office specific office hours each week at Larkin 336. These hours are to be announced.

A Web Site will be developed for information only for students registered in this course. As explained above, the Web Site will contain a short summary of the content of each lecture; the concept list associated with the lecture and, separately, a problem set associated with the lecture. Sometimes a question in the problem set will appear on a test. Important dates and other course information will also be supplied on the Web Site. The class will be advised when the Web Site has been established.

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### **NOTE:**

**THE INSTRUCTOR DOES NOT ACCEPT E-MAIL REQUESTS AND WILL NOT ANSWER ANY E-MAIL CORRESPONDENCE RECEIVED RELATED TO THIS COURSE.**

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 Department of Economics  
 ECO 105Y: Principles of Economics for Non-Specialists – 2010/2011

**LECTURE OUTLINE** [Revised: August, 2010]

**TOPIC ONE: AN INTRODUCTION TO ECONOMICS**

Lecture 1    September    14    *About Economics and Economic Goals*

**TOPIC TWO: A STORY ABOUT ECONOMIC GROWTH**

Lecture 2    September    21    *About The Measurement of Economic Growth, The Grand Design of Rostow's Take-Off Theory, The Kondratieff Cycle and the Golden Age of Capitalism: 1950 to 1973*

Lecture 3    September    28    *Malthus in 1800 and Malthus in 2000*

Lecture 4    October        5    *The Convergence Issue: On Closing the Per Capita Income Gap Between Developing Countries and Industrial Countries from 1950 to 2000*

**TOPIC THREE: THE VITAL IMPORTANCE OF PRODUCTIVITY GROWTH**

Lecture 5    October        12    *The Vital Importance of Achieving Productivity Growth for a Market Economy*

Lecture 6    October        19    *Sources of Economic Growth and Productivity Increases, With Emphasis on Technological Change*

Lecture 7    October        26    *The Decline in Economic Growth After 1973 and the Birth of Krugman's Age of Diminished Expectations*

**TOPIC FOUR: POVERTY**

**REDUCTION STRATEGIES FOR  
LOW-INCOME COUNTRIES**

Lecture 8    November    2    *The Big Three on Poverty Reduction Strategies: Sachs, Easterly and Lewis Plus the Suggestions of Moyo*

**TOPIC FIVE: THE IMPORTANCE OF THE INTERNATIONAL SECTOR**

Lecture 9    November    9    *The Gains from International Trade and Specialization of Production: Even Dummies Gain from Trade: Plus Current Trade Issues like the new Protectionism [VERs]*

*TEST 1*        *November*    16    *Lecture 1 to Lecture 9*

Lecture 10    November    23    *The International Debt Crisis: A Decade of Lost Growth in Latin American Countries during the 1980s*

Lecture 11    November    30    *The Pacific Basin Economic Meltdown of 1997: All Fall Down: Starting in Thailand*

**TOPIC SIX: A SAMPLE OF MICROECONOMIC ANALYSIS**

Lecture 12    December    7    *Consumer Behaviour, Inferiors, Incomes and Gifts*

Lecture 13    January        11    *Theory of the Firm 1: The Short and the Long of Rent Control Intervention*

Lecture 14    January        18    *Theory of the Firm 2: Intervention in Agricultural Markets Tradition, Convention and Need*

Lecture 15    January        25    *Theory of the Firm 3: Large Scale Oligopolists and Monopolist's: Good or Bad?*

Lecture 16    February       1    *Theory of the Firm 4: OPEC: A Successful Cartel?*

**TOPIC SEVEN: A SAMPLE OF MACROECONOMIC ANALYSIS**

Lecture 17	February	8	<i>Macro 1: Monetary Policy and the Role of the Bank of Canada [with models]</i>
Lecture 18	February	15	<i>Macro 2: Fiscal policies: Government Spending and Taxation [with models]</i>
Lecture 19	March	1	<i>Macro 3: Inflation, The National Debt Debate and Other Macro Issues</i>

**TOPIC EIGHT: CURRENT ISSUES**

Lecture 20	March	8	<i>About Sustainable Development, including Water</i>
TEST 2	March 15		<i>Lecture 10 to Lecture 19</i>
Lecture 21	March	22	<i>Amazing Japan from 1955 to 1989</i>
Lecture 22	March	29	<i>Canada in the 21<sup>st</sup> Century: The Current Productivity Debate, Canadian Policy and the Challenges by Lipsey and by Canadian Industry Officials [Canada's Double Deficit Issue]</i>

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