

SSM 1040H - Managerial Economics for Sustainability Management

2018 - 2019

Prof. V. Aivazian

Department of Economics

Innovation Complex, room 3260

Telephone - 905-828-5302

Office Hours: Mondays 5:00pm - 6:00pm and Thursdays 6:00 - 7:00pm, or by appointment

e-mail: varouj.aivazian@utoronto.ca

Regular classes are on Mondays from 2:00pm-5:00pm.

Teaching Assistant: Yiming Xu - yiming.xu@mail.utoronto.ca

Course Objectives

This course covers the economic approach to environmental problems and sustainability. The course will deal with economic principles that explain the operation of markets and firms and will also deal with the economic meaning of sustainability, the valuation of ecosystem services, and the issue of transferable pollution permits. The course will also discuss divergences between private and social costs, the tragedy of the commons, the economics of sustainability, externalities, pollution, the allocation of depletable and renewable resources over time, and mechanisms for regulating environmental problems.

This course will consist of lectures and in class debates/discussions. Each week two groups of students will debate a topic relating to the economics of sustainability. All students will be expected to familiarize themselves with the debate topic and to also participate in the discussion. Each student group will take part in two debates.

Course Website: The course materials will be posted on Quercus.

Required Texts

Christopher Ragan, **Microeconomics**, 15th Canadian Edition; copyright 2016, Pearson Canada (henceforth Ragan)

Recommended

Environmental Economics - Third Canadian Edition. Barry Field and Nancy Oleweiler. McGraw – Hill Ryerson. 2015

Master of Management in Sustainability Management Program

Institute for Management & Innovation

Kaneff Centre, Rm 207

University of Toronto Mississauga

3359 Mississauga Rd

Mississauga, ON L5L 1C6

Tel: 905-569-5803

Email: [mcsms.utm@utoronto.ca](mailto:mscsm.utm@utoronto.ca)

Website: www.utm.utoronto.ca/mscsm

Grade Composition:

Two Group Debates (18% per debate)	36%
Assignment	10%
Class Participation	8%
Final Examination	46%

The class will be divided into eight student debate groups. Each group will participate in two debates. Each debate session will last about one hour. Debate topics will be assigned on January 14. The debates will begin on January 21.

Missed Tests:

Make-ups: There will be no make-up tests for the missed midterm. The weight of the midterm will be added to that of the final exam.

Final Exam: If you miss a final examination for unforeseen reasons, notify the MScSM Program office within 24 hours of the scheduled test/examination. If the office is not notified within this time frame, you may receive a grade of zero for that test/examination. A final examination may be deferred for the following reasons:

1. documented medical grounds;
2. documented compassionate grounds.

Please use the University of Toronto Student Medical Certificate if you are submitting missed exam reports based on medical grounds. If you write a scheduled examination, you will not be allowed to ask for an alternative assessment or special consideration in marking after the fact.

Re-marking: If a student wants one or more questions on the midterm test re-marked, we reserve the right to re-mark other questions on the test as well.

Academic Misconduct: Students should note that copying, plagiarizing, or other forms of academic misconduct will not be tolerated. Any student caught engaging in such activities will be subject to academic discipline ranging from a mark of zero on the assignment, test or examination to dismissal from the university as outlined in the academic handbook. Any student abetting or otherwise assisting in such misconduct will also be subject to academic penalties. Please refer to the Code of Behaviour on Academic Matters

<http://www.writing.utoronto.ca/advice/using-sources/how-not-to-plagiarize>

Note: The last day to drop a graduate class without academic penalty is Monday February 25, 2019.

Lectures

Class #	Topic	Readings	Topics
1 January 14	The Nature and Scope of Microeconomics; Costs	Ragan, Chapters 1, 2. R. Coase, "The Problem of Social Cost," <u>Journal of Law and Economics</u> , 1960. Handout on the Coase Theorem.	Scarcity, choice, exchange, opportunity cost, property rights, externalities.
2 January 21	Demand	Ragan, Chapters 3,4,5,6 (including appendix)	The theory of consumer choice and demand.
3 January 28	Economic Meaning of Sustainability	R. Solow, "Sustainability: an Economist's Perspective." Graff "How Do Economists Define Sustainability?"	Economics of Sustainability.
4,5 February 4, 11	Demand and Supply; Market Efficiency	Ragan, Chapters 3,4,5,6 Application: The Consumer Price Index	Market demand and Supply.
6 February 25	The Revolving Economy	Guest lecture	Revolving Economy.

7 March 4	Environmental Regulation	Handout on environmental regulations.	Alternative regulatory mechanisms for environmental pollution.
8 March 11	Transferable Permits	Experiment / Game J. Mckinnon	Transferable Permits.
9 March 18	The Theory of the Firm; Theory of Perfectly Competitive Markets. Supply.	Ragan, Chapters 7, 8, 9.	Production and cost. Perfect competition. Supply and Demand and Competition.
10 March 25	Monopoly and Oligopoly Market Structure; Game Theory	Ragan, Chapter 10, 11, Handout on Game Theory	Market Structure, Game Theory.
11 April 1	Welfare Economics, Externalities, Property Rights, Transaction Costs.	Ragan Chapters 12, 15, 16. G. Hardin "The Tragedy of the Commons"	Economic Efficiency, Welfare Economics, Public Policy. Property Rights.

<p>11 April 1</p>	<p>Static and Dynamic Efficiency; Environmental Regulatory Mechanisms. The Allocation of Depletable and Renewable Resources over time. Environmental Preservation, Sustainability, and Ecosystem Services.</p>	<p>Handout: Regulatory Mechanisms Field and Oleweiler Chapters: 1, 2, 3, 4, 5, 6.</p> <p>Shashi Kant and R. Albert Berry, “Sustainability, Economics, and Forest Management,” in <u>Economics, Sustainability, and Natural Resources</u>, S. Kant and R.A. Berry (editors), pg. 1-22, Springer 2005.</p> <p>Alexander, A., List, J.A., Margolis, M., d’Arge, R.C., 1998. “A method for valuing global ecosystem services.” <u>Ecological Economics</u> 27 (2), 161-171.</p> <p>Bishop, Richard C., 1978. “Endangered species and uncertainty: the economics of a safe minimum standard.” <u>American Journal of Agricultural Economics</u> 60 (1), 10-18.</p> <p>Chichilnisky, G., Heal, G., 1998. “Economic returns from the biosphere.” <u>Nature</u> 391 (6668), 629-630.</p> <p>Costanza, R., 2000. “Social goals and the valuation of ecosystem services.” <u>Ecosystems</u> 3, 4-10.</p>
	<p>FINAL EXAM</p>	<p>TBA</p>