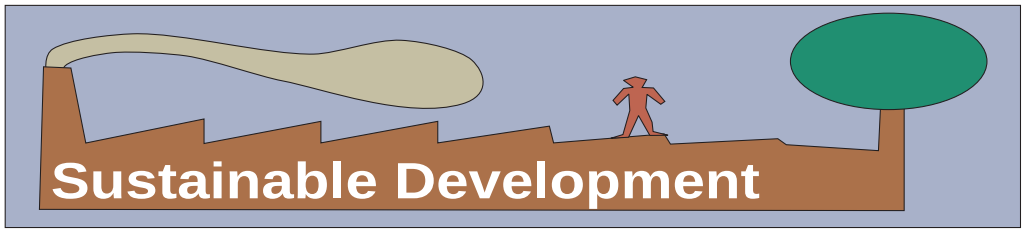
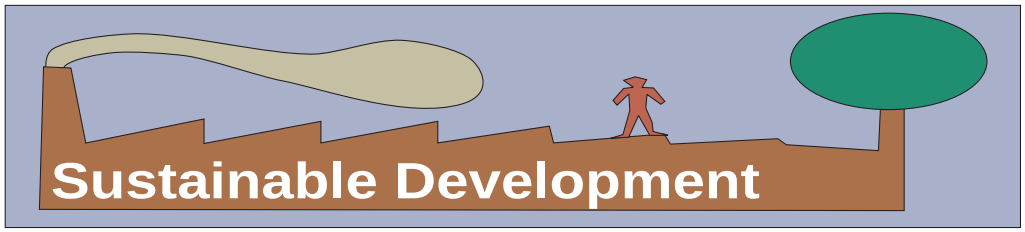




Introduction to the course

About the book (Preface)

Economic growth on Spaceship Earth

Economic growth on Spaceship Earth

George Orwell in ‘The road to Wigan Pier’.

> The world is a raft sailing through space with, potentially, plenty of provisions for everybody; the idea that we must all co-operate and see to it that everyone does his fair share of the work and gets his fair share of the provisions seems so blatantly obvious that one would say that no one could possibly fail to accept it unless he had some corrupt motive for clinging to the present system.

Economic growth on Spaceship Earth

Kenneth Boulding in ‘The economics of the coming Spaceship Earth’.

> The closed economy of the future might . . . be called the ‘spaceman’ economy, in which the earth has become a single spaceship, without unlimited reservoirs of anything, either for extraction or for pollution, and in which, therefore, man must find his place in a cyclical ecological system which is capable of continuous reproduction of material form even though it cannot escape having inputs of energy.

Questions regarding management of the economy

Questions regarding management of the economy

1. (a) What is desirable?
   (b) What is feasible?
   (c) What is optimal?

Economics, utilitarian, discounting:

$$\max \sum_h U^h,$$

where

$$U^h = \sum_t u^h(c_t)\beta^t.$$

Rawls, maximin:

$$\max\{\min\{u_1, u_2, \ldots, u_n\}\}.$$

Questions regarding management of the economy

2. (a) What would happen given laissez-faire?
   (b) What would happen given business-as-usual (b.a.u.)?
   (c) What would be the effect of regulations such as high taxes on fossil fuels, or strong support for research into renewable energy?
   (d) What would a *social planner* do?
   (e) What should a *regulator* do?

Macroeconomic methodology

Macroeconomic methodology

Consider the following aggregate production function.

$$Y = (A_L L)^{1-\beta}(A_R R)^{\beta}. \tag{1}$$

Why do we need to give it microeconomic foundations if we are to draw policy conclusions?

The book (and the course!)

The book (and the course!)

Narrow approach.

Focus on questions 2(b) and (c): economic development under b.a.u., and how this can be managed.

Thus conveniently obviating the need to explore the more difficult questions focused on optimality. It turns out that predicting the future is quite hard enough as it is.

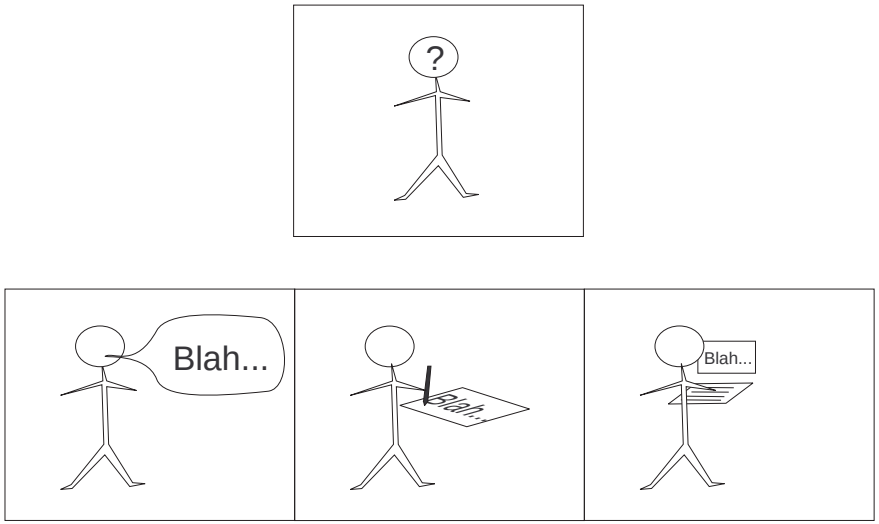
The book (and the course!)

1. Technological progress and economic growth
2. Production under resource constraints
3. Pollution and sustainability

About the course

Your own development

Your own development



The pictures illustrate four skills. Learning to think, both imaginatively and analytically, is primary. You also need to learn to present your ideas, both orally and in writing. Furthermore, you need to learn to handle a computer, to program and simulate economic models. We will work mainly on the first three during the course.

Examination

Examination

See homepage, `http://www.ekoninternt.se/rob/susdev20/`, grading criteria.

In short, we have gobbets, a research paper, and the written examination. To pass the course you must pass all elements. To get higher grades you must collect bonus points, one for each point over 36 in the exam, a maximum of three per gobbet (but not more the 8 in total), and a maximum of 8 for an outstanding research paper (in all respects).

Schedule

Schedule

Course schedule.

Covid . . . plan . . .

- Lectures via video recording.
- Exercises via video recording.
- Regular discussions via zoom, or IRL/zoom?
- Research paper seminar: Zoom or IRL?
- Written exam: IRL?