

## Economics of Sustainability

<b>Course code</b>	<i>GRAE034</i>
<b>Compulsory in the programmes</b>	<i>Financial Economics</i>
<b>Level of studies</b>	<i>Graduate</i>
<b>Number of credits</b>	<i>6 ECTS (36 contact academic hours + 2 consultation hours, 124 individual work hours)</i>
<b>Course coordinator (title and name)</b>	<i>Dr. Saite Lu</i> <a href="mailto:sailu@faculty.ism.it">sailu@faculty.ism.it</a>
<b>Prerequisites</b>	<i>None</i>
<b>Language of instruction</b>	<i>English</i>

### THE AIM OF THE COURSE:

This course will offer an introduction to the field of sustainable development. The course will analyse the key topics of the sustainable development process across countries and cover the major theories and policy debates on the causes of (under) development. This will include discussion on important concepts in sustainable development such as the environment and climate change, human capital (education and healthcare), social capital as well as the role of finance in the development process. We will study the analytical frameworks behind the theories of development and review the empirical evidence that supports or rejects such theories. The course will also cover areas such as health and education, focusing on their relations with development and examining some of the policies attempted in these areas and the reasons for their success/failure.

### MAPPING OF COURSE LEVEL LEARNING OUTCOMES (OBJECTIVES) WITH DEGREE LEVEL LEARNING OBJECTIVES (See Annex), ASSESMENT AND TEACHING METHODS

Course level learning outcomes (objectives)	Degree level learning objectives (Number of LO)	Assessment methods	Teaching methods
CLO1. Acquire a solid knowledge of the core tools to understand contemporary issues in sustainable development.	LO1.1.; LO1.2; LO3.1	Project presentation, Final exam	Lectures/Seminars
CLO2. Understand the current debates on sustainable development policies/programs.	LO1.1.; LO1.2; LO3.1	Project presentation, Final exam	Lectures/Seminars
CLO3. Familiar with different empirical methods that can be used to test a theory and to provide compelling evidence on what works, what doesn't and why.	LO1.1.; LO1.2; LO3.1	Project presentation, Final exam	Lectures/Seminars

### ACADEMIC HONESTY AND INTEGRITY

The ISM University of Management and Economics Code of Ethics, including cheating and plagiarism are fully applicable and will be strictly enforced in the course. Academic dishonesty, and cheating can and will lead to a report to the ISM Committee of Ethics. With regard to remote learning, ISM reminds students that they are expected to adhere and maintain the same academic honesty and integrity that they would in a classroom setting.

Topic	In-class academic hours	Recommended readings
<p><b>1. Introduction to sustainable development.</b> Overview of sustainable development concepts Overview of measurements of the development process.</p>	4	<p>Agarwala, M., Cinamon Nair, Y., Cordonier Segger, M.C., Coyle, D., Felici, M., Goodair, B., Leam, R., Lu, S., Manley, A., Wdowin, J., Zenghelis, D. 2020. <i>Building Forward: Investing in a Resilient Recovery</i>. Bennett Institute for Public Policy, University of Cambridge.</p> <p>Caselli, Francesco. "Accounting for cross-country income differences." <i>Handbook of economic growth 1</i> (2005): 679-741.</p> <p>Sachs, Jeffrey D. <i>The Age of Sustainable Development</i>. Columbia University Press, 2015</p>
<p><b>2. Demography</b> Economic models of demographic behaviour, social interactions and fertility transitions</p>	4	<p>J. Bongaarts and S. C. Watkins, 'Social interactions and contemporary fertility transitions', <i>Population and Development Review</i> 22(4), 639-682 (1996).</p> <p>G.S. Becker &amp; G.H. Lewis, 'On the interaction between the quantity and quality of children' <i>Journal of Political Economy</i> 81:2 (1973), 279-88.</p> <p>P. Dasgupta, 'Population and resources: An exploration of reproductive and environmental externalities' <i>Population and Development Review</i>, 26(4), 643-690 (2000).</p>
<p><b>3. Economics of the environment</b> Climate change, cost-benefit analysis, environmental policies.</p>	4	<p><i>The Economy</i>. Chapter 20.</p> <p>Acemoglu, Daron, Simon Johnson, and James A. Robinson. "Reversal of Fortune: Geography and Institutions in the Making of the Modern World Income Distribution." <i>Quarterly Journal of Economics</i> 117 (4) 1231-1294.</p> <p>Dell, Melissa, Benjamin F. Jones, and Benjamin A. Olken, "Temperature Shocks and Economic Growth: Evidence from the Last Half Century," <i>American Economic Journal: Macroeconomics</i> 2012, 4(3): 66–95.</p>
<p><b>4. Formal and informal institutions</b> Path-dependency of formal institutions, social capital and social institutions</p>	4	<p>Tabellini, Guido (2010) "Culture and Institutions: Economic Developments in the Regions of Europe", <i>Journal of the European Economic Association</i>, 677–716.</p> <p>Acemoglu, Daron, Simon Johnson, and James A. Robinson (Dec. 2001) "The Colonial Origins of Comparative Development: An Empirical Investigation," <i>American Economic Review</i>, 1369-1401</p> <p>Pappaioanou, Elias and Stelios Michalopoulos. "National Institutions and Subnational Development in Africa," <i>Quarterly Journal of Economics</i>, 2014, 129 (1): 151-213</p>
<p><b>5. Human capital</b> demand and supply of healthcare, demand and supply of education</p>	4	<p><i>Poor Economics</i>, Chapter 2, "A Billion Hungry People?"</p> <p><i>Poor Economics</i>, Chapter 3, "Low-Hanging Fruit for Better (Global) Health?"</p> <p><i>Poor Economics</i>, Chapter 4, "Top of the Class"</p>

<b>6. The financial system</b> Financial stability, green financing, stock-flow consistent modelling	4	Dafermos, Yannis, Maria Nikolaidi, and Giorgos Galanis. "Climate change, financial stability and monetary policy." <i>Ecological Economics</i> 152 (2018): 219-234.  Godley, Wynne, and Marc Lavoie. <i>Monetary economics: an integrated approach to credit, money, income, production and wealth</i> . Springer, 2016.
<b>7. Credit market in low-income countries</b> Credit market failure, microfinance	4	Karlan, Dean and Jonathan Zinman (2009) "Observing Unobservables: Identifying Information Asymmetries with a Consumer Credit Field Experiment", <i>Econometrica</i> , 77(6), pp. 1993- 2008.  Banerjee, Abhijit, Esther Duflo, Rachel Glennerster, and Cynthia Kinnan (2010) "The Miracle of Microfinance? Evidence from a Randomized Experiment," <i>American Economic Journal: Applied Economics</i> , Vol 7, No. 1, January 2015
<b>8. Risk and insurance market in low-income countries</b> The efficiency consequences of uninsured risk, microinsurance	4	Rosenzweig, Mark R. and Hans Binswanger, "Wealth, Weather Risk and the Composition and Profitability of Agricultural Investments," <i>Economic Journal</i> , January 1993.  Karlan, Dean, Robert Osei, and Isaac Osei-Akoto. "Agricultural Decisions after Relaxing Credit and Risk Constraints," <i>The Quarterly Journal of Economics</i> (2014), 597–652
<b>9. Saving behaviour in low-income countries</b> The market for savings, behavioural economics	4	Ashraf, Nava, Dean Karlan and Wesley Yin. 2006. "Tying Odysseus to the Mast: Evidence from a Commitment Savings Product in the Philippines", <i>Quarterly Journal of Economics</i> 121(2): 635-672  Thaler, R.H., and C.R. Sunstein. 2012. <i>Nudge: The Final Edition</i> . Penguin Books Limited.
	<b>Total: 36 hours</b>	
CONSULTATIONS	2	
FINAL EXAM	2	

#### FINAL GRADE COMPOSITION

Type of assignment	%
<i>Individual Components 100%</i>	
• Attendance	15%
• Group presentation	35%
• Final exam	50%



<b>Total:</b>	<b>100%</b>
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### DESCRIPTION AND GRADING CRITERIA OF EACH ASSIGNMENT

1. The final exam is open book. Students can refer to their notes and textbooks during the exam.
2. The group project will cover the topics from the first five lectures.
3. The final exam will cover all topics discussed during the course. The retake exam will cover all topics without such preferences.

### RETAKE POLICY

The retake exam for the students who did not meet the passing score is normally scheduled 1-2 weeks after the announcement of the final grades. It covers 100% of the total grade

### ADDITIONAL REMARKS

Attendance is counted for 15% of the final grade. If for some reasons you need to miss a class, please notify the lecturer *beforehand*.

Please note, due to the travel/health regulations in place, some meetings may be held via MS Teams.

Students are expected to be acquainted with the undergraduate level of economics. Therefore, if a student feels shortage of knowledge and wants to improve his/her understanding in economics, the lecturer is available for further consultation by appointment.

### READINGS

All recommended readings are provided in the course outline. The following books should be used as an encyclopedia rather than core reading.

- Sachs, Jeffrey D. *The Age of Sustainable Development*. Columbia University Press, 2015.
- The CORE team, *The Economy*. Available at: <https://www.core-econ.org>. [14 December 2021].
- Banerjee, Abhijit, and Esther Duflo. *Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty*. Public Affairs, 2011.
- Banerjee, Abhijit, Roland Benabou and Dilip Mookherjee, eds. *Understanding Poverty*. Oxford, UK: Oxford University Press, 2006

(Last updated: 11<sup>th</sup> September 2023)



**ANNEX**

**DEGREE LEVEL LEARNING OBJECTIVES**

**Learning objectives for Master of Social Science**

*Programme:*

*Financial Economics*

<b>Learning Goals</b>	<b>Learning Objectives</b>
Students will be critical thinkers	LO1.1. Students will be able to identify underlying assumptions, limitations of previous research; evaluate managerial solution alternatives.
	LO1.2. Students will become <b>independent learners</b> and develop their own comprehension of scientific theories, models, and concepts.
Students will be socially responsible leaders	LO2.1. Students will be able to evaluate past and current practices in their discipline from an <b>ethical perspective</b> .
Students will be effective communicators	LO3.1. Students will develop and deliver a <b>coherent oral presentation</b> .
	LO3.2. Students will develop and deliver a <b>coherent written research paper</b> .