

# ECON 2B03 Summary

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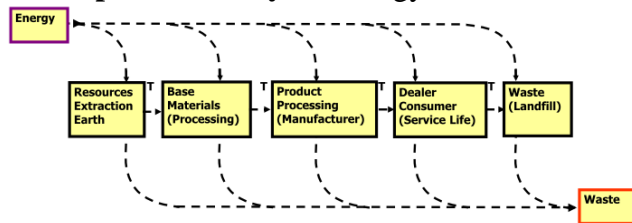
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*Math objects made using [MathType](#); graphs made using [Winplot](#).*

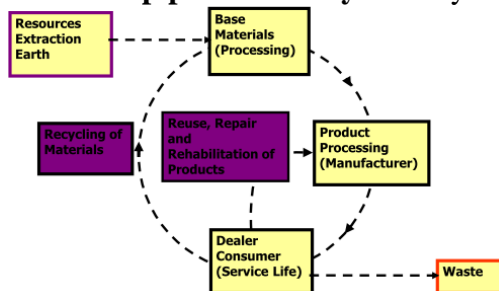
## Chapter 1 – Sustainability

**model:** an simplification of reality that captures information useful and appropriate for a specific purpose

**linear product lifecycle:** energy in and out at every stage



**closed-loop product lifecycle:** recycling, re-use, energy only lost at consumer level



**Ingenuity Gap:** the gap between requirements and solutions, which is caused by an increasing complexity (?)

## Triple-Bottom Line

Focuses on:

- **Social sustainability:** productive service to society
- **Environmental sustainability:** resources/land
- **Economic sustainability:** cost efficient

## Seven Revolutions

1. Markets: compliance to competition
2. Values: hard to soft
3. Transparency: closed to open
4. Life-cycle Technology: product to function

- a. Companies responsible for entire product life-cycle
- 5. Partnership: subversion to symbiosis
  - a. Companies cooperate
- 6. Time: wider to longer
  - a.

## Chapter 2

**Cash-flow period:** time over which you are calculating effective interest rate

Don't forget that there are 4 quarters in a year and 3 months in a quarter-year.

$r$ : nominal interest rate (interest rate over a year)

$k$ : number of periods per cash flow period

**Effective Interest rate:**  $i_{\frac{r}{k}} = \left(1 + \frac{r}{m}\right)^k - 1$

Your effective interest rate should be close to nominal interest rate/cash-flow periods per year.

## Chapter 3

**Equivalence:**

**Decisional Equivalence:**