

Economics 406 Spring 2015 Property and Monopoly in the Fishing and Energy Industries

Prof. Levis A. Kochin

Class Monday and Wednesday 1:30 PM to 3:20PM Savery 166

NO Class Monday May 25 (Memorial Day)

Office Hours Tuesday 2PM-4:00PM and by Appointment

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Revised March 25, 2015

Required Texts

- 1) A collection of readings available on the class website (address above)
 - a. To access the readings, log on to Catalyst—you will see a link to ECON 406 which will take you to a list of documents—or type the above link into your address bar.
 - b. If you do not see the link to 406 on your Catalyst dashboard, email me
- 2) Daniel Yergin *The Prize: The Epic Quest for Oil, Money and Power* be sure to get the Paperback Edition of 2008 with new Epilogue

Suggested :

Rognvaldur Hannesson *The Privatization of the Oceans* MIT Particularly if you are doing a term paper on fisheries regulation

Paul Jaskow gave a course on Energy Economics which MIT has posted online at <http://ocw.mit.edu/courses/economics/14-44-energy-economics-spring-2007/>

This is a great source for references (up to 2007) if you are doing a term paper on oil and gas

Key Dates

Monday April 20 Term Paper Proposal

Monday May 18 Preliminary Term Paper Due in Class

Monday FINAL EXAM Monday June 8 2:30-4:30PM

Wednesday June 10 5PM Final Term Paper Due at Econ. Dept. Office

Term Paper W Awarded

- 1) Proposal Due Monday April 20
 - a. A term paper proposal of 1 page with 3 references No Grade
 - i. At least 1 reference to an article on this assignment list
 - ii. At least 1 reference to an article NOT on this assignment list

- 2) Preliminary Term Paper Due Monday May 18 10% of Course Grade

Approved Proposal must be resubmitted with Preliminary Paper

Preliminary Term Paper must have at least five pages with at least five references

- 3) Final Term Paper Term Paper of 13-17 pages is due Wednesday June 10 5PM to the Receptionist at the Economics Dept. Office in Savery 40% Term Grade
Graded Preliminary Term Paper must be resubmitted with Final Paper

Grading:

Quizzes and Exams 50%

Quizzes (Best 3 of 5) 20 % (Unscheduled)

Final Exam Monday June 8 2:30PM to 4:30PM

SCHEDULE OF ASSIGNMENTS

Readings available on Catalyst Site Marked * Page numbers are as in original source
Required

Monday March 30 The Tragedy of the Commons

- *Hardin: "The Tragedy of the Commons" <https://www.sciencemag.org/content/162/3859/1243.full>
- ["The Tragedy of the Commons" Wikipedia](#)
- *Ostrom, Elinor, Joanna Burger, Christopher B. Field, Richard B. Norgaard, and David Policansky (1999): "Revisiting the Commons: Local Lessons, Global Challenges" : Science, Vol. 284, 9 April, pp. 278–282.
- *Rognvaldur Hannesson *The Privatization of the Oceans* MIT Intro. and Chapter 1

Wednesday April 1 Competition and Monopoly

- *Chapters 7 &8 Jack Hirshleifer *Price Theory and Applications* Prentice Hall 1984
Smf

The Basics of Fisheries Economics

Monday April 6 and Wednesday April 8

- *Gardner Brown “The Economics of Renewable Resources: Fishing ” University of Washington 1994
- Rognvaldur Hannesson *The Privatization of the Oceans* MIT Chapter 3
- *Wikipedia* articles on “”Fisheries Management”, “Individual Fishing Quota“ and “Common Fisheries Policy” (European Union)

*Kochin, Riley, Plesha and Kujundzic. “*Analysis of an Incentive-Based Chinook Salmon Bycatch Avoidance Proposal for the Bering Sea Pollock Fishery*” Not required

Monday April 13

The Privatization of Fishing

Rognvaldur Hannesson *The Privatization of the Oceans* MIT Chapters 3-6 Not

- *Costello, Gaines, Lynham “Can Catch Shares Prevent Fisheries Collapse” *Science* Vol. 321 (19 September 2008) pp. 1678- 1681
- *Wilén, J.E. "Why Fisheries Management Fails: Treating Symptoms Rather than Causes." *Bulletin of Marine Science* 78(2006): 529-546.
- *Levis Kochin and Christopher C. Riley “The Political Economy of Fishing: Efficient and Expedient Regulation under ITQ and Open Access” University of Washington 1994

Wednesday April 15 Privatization of Fish, Oil and Water

- *Gary D. Liebcap “Assigning Property Rights in the Common Pool: Implications of the Prevalence of First Possession Rules for ITAs in Fisheries” *Marine Resource Economics* Vol. 22 (2007) pages 407-423
- *Ana Kudjundzic, Chris Riley, Joe Plesha and Levis Kochin “Analysis of the Use of Processing and Harvesting History in the Allocation of the Pacific Whiting Quota” Pacific Seafood, Trident Seafoods and the Univ. of Washington December 11, 2013

Monday April 20 and Wednesday April 22 Fishing Privatization off the COW Coast and off Alaska

Rognvaldur Hannesson *The Privatization of the Oceans* MIT Press 2004 Chapter 7

- Casey, K.E., C.M. Dewees, B.R. Turris, and J.E. Wilen. "The Effects of Individual Transferable Harvest Quotas in the British Columbia Halibut Fishery." *Marine Resource Economics* 10(5)(1995): 211-230. Not available in PDF, must be read online by logging into JSTOR: <http://www.jstor.org/discover/10.2307/42629588?uid=3049120&uid=3739960&uid=2&uid=3&uid=67&uid=41420&uid=62&uid=3739256&sid=21103868915873>
- *Abbott, J.K., B. Garber-Yonts and J.E. Wilen. "Employment and Remuneration Effects of ITQs in the Bering Sea/Aleutian Islands Crab Fisheries." *Marine Resource Economics* 25(4)(2010): 333-354.
- *Levis Kochin. “ The Impact of Rationalization of GOA Groundfish on Kodiak”

Monday April 27 and Wednesday April 29

The Economics of Oil and Gas

* Krautkraemer J., and M. Toman. "Fundamental Economics of Depletable Energy Supply." Resources for the Future, Discussion Paper 03-01 (2003).

Daniel Yergin *The Prize: The Epic Quest for Oil, Money and Power* Skim the book Chapters will be assigned later

- *Anderson, Soren T., Ryan Kellogg, and Stephen W. Salant, "[Hotelling Under Pressure](#)," NBER working paper #20280, Energy Institute at Haas working paper #250 (2014). Revisions requested from the *Journal of Political Economy*

"Catherine Hausman and Ryan Kellogg "Welfare and distributional implications of shale gas" Brookings Papers on Economic Activity March 2015 <http://www.brookings.edu/about/projects/bpea/papers/2015/welfare-distributional-implications-shale-gas>

Monday May 4 and Wednesday May 6

Monopoly, Monopsony, Cartels and Oligopoly

- *Dennis W. Carleton and Jeffrey M. Perloff *Modern Industrial Organization*, Fourth Edition 2005 Chapter 3, 4 and 5
- *Richard Posner "Price Fixing and the Oligopoly Problem" Ch. 3 *Antitrust Law* 2nd Edition Posted on Catalyst as "Anti Trust Law"
- *George Stigler, "A Theory of Oligopoly," *Journal of Political Economy* Vol. 72.1 (1964) pp. 44-61

Monday May 11

The Standard Oil Monopoly

- *Daniel L. Yergin *The Prize* Ch. 2 "Our Plan: John D. Rockefeller and the Combination of American Oil" Simon and Shuster New York 1991
- *John S. McGee "Predatory Price Cutting: The Standard Oil (NJ) Case" *Journal of Law and Economics* Vol. 1 1958
- *Elizabeth Granitz and Benjamin Klein "Monopolization by 'Raising Rivals Costs': The Standard Oil Case" *Journal of Law and Economics* 1996
- *Benjamin Klein "The 'Hub and Spoke' Conspiracy that Created the Standard Oil Monopoly" *Southern California Law Review* 2012 Volume 85 pp. 459-496 KEY
- *George L. Priest "Rethinking the Economic Basis of the Standard Oil Refining Monopoly: Dominance Against Competing Cartels" *Southern California Law Review* 2012 Vol. 85 pp. 499-558 **Not Required**

Wednesday May 13 Unitization, Cartelization and Oil Import Quotas 1933 to 1972

- *Daniel L. Yergin *The Prize* Ch. 13 “The Flood.” Simon and Shuster New York 1991
- *Gary D. Liebcap “The Political Economy of Crude Oil Cartelization in the United States” *Journal of Economic History* December 1989
- *Gary D. Liebcap and James L. Smith “The Economic Evolution of Petroleum Property Rights in the United States” *Journal of Legal Studies* 2002 Vol. 31 pp. 589-607
- *Yoram Barzel and Christopher D Hall *The Political Economy of the Oil Import Quota* Chapters 1-3 pp.-30 Hoover Institution Press 1977

Monday May 18 and Wednesday May 20

OPEC and Oil Prices the last Forty Years

- Wikipedia Article on “The Organization of Petroleum Exporting Countries”
- *James Hamilton “Understanding Crude Oil Prices,” *Energy Journal*, 30, no. 2(2009): 179-206.
- *Kellogg, Ryan, "[The Effect of Uncertainty on Investment: Evidence from Texas Oil Drilling](#)," *American Economic Review* 104 (June, 2014), 1698-1734. [\[abstract\]](#) [Not Required](#)
- Borenstein, Severin and Ryan Kellogg, "[The Incidence of an Oil Glut: Who Benefits from Cheap Crude Oil in the Midwest?](#)" *Energy Journal* 35 (Jan., 2014), 15-33. [\[abstract\]](#)
- Anderson, Soren T., Ryan Kellogg, and Stephen W. Salant, "[Hotelling Under Pressure](#)," NBER working paper #20280, Energy Institute at Haas working paper #250 (2014). Revisions requested from the *Journal of Political Economy*. [\[abstract\]](#)

Hausman, Catherine and Ryan Kellogg, "[Welfare and Distributional Implications of Shale Gas](#)," Prepared for Brookings Papers on Economic Activity and presented at the Spring 2015 Brookings Panel. [\[abstract\]](#)

Wednesday May 27and Monday June 2 Anti –Trust in the West Coast and Alaska Fisheries

Gunnar Knapp “Reflections on the Bristol Bay Salmon

Suit [http://www.iser.uaa.alaska.edu/people/colt/personal/econ435_s06/Knapp_Bristol Bay Lawsuit 20feb2006.pdf](http://www.iser.uaa.alaska.edu/people/colt/personal/econ435_s06/Knapp_Bristol_Bay_Lawsuit_20feb2006.pdf)

- *Kochin Draft Declaration in Whaley et.al vs. Pacific Seafood Group et. al. 2012
- * Wilen Declaration in Whaley et.al vs. Pacific Seafood Group et. al. 2011