

UNIVERSITY OF CONNECTICUT  
SPRING 2012  
ECONOMICS OF THE OCEANS (ECON 2467)  
INSTRUCTOR: Paul Hallwood Ph.D.

*Lecture time:* TuTh 11:00 a.m. to 12:15 pm.

*Room:* Academic Building 211

*Office Hours:* Tu and Th after class Academic Building Room 116A, or by appointment.

*Email address:* paulhallwood@msn.com

**Required :** Hallwood, *LECTURE NOTES*, 2011. Available from the Coop, \$30.

### ***Course Outline***

Oceans are viewed as offering valuable goods and services, including fish, marine mammals, offshore oil, reefs for wind farms, marine transportation, routes of submarine cables, historic shipwrecks – ‘historic time capsules’, places for recreation, salt marshes as integral to fish and seabird ecosystems, a sink for waste disposal, and mineral deposits – manganese nodules.

In this course economic theory is used to assess regimes (as defined by relevant national and/or international laws) governing the use of these resources to answer two broad questions:

- Are existing governance regimes economically rational in the sense of maximizing economic surpluses (i.e., ‘economic rents’) that can be extracted from oceanic resources?
- How are economic rents distributed between producers - such as the fishing industry or offshore oil companies, and the owners of submerged lands (national governments within 200-mile exclusive economic zones, or, beyond, the international community under the ‘common heritage of mankind doctrine’)?

Game theory is used in the analysis of governance-regime formation. Environmental economics is used to analyze issues arising from the oceans as a commons. Theories of industrial organization are used in the analysis of oceanic industries (oil). A ‘law and economics’ framework is used to analyze national and international laws governing economic values recoverable from historic shipwrecks. Benefit-cost analysis is used in the analysis of several issues: for example, agreement of marine boundaries and joint development zones, siting of offshore wind farms, installation of tsunami detection equipment, and investment in coastal protection. Theories drawn from public finance and auction theory are used in the analysis of offshore lease block sales and economic rent sharing. Standard fisheries economics is used to analyze fisheries regimes.

CONTINUED...

Other useful readings

1. Pew Oceans Commission (2003), *America's Living Oceans: Charting a Course for Sea Change – Summary Report*, May. <http://www.pewoceans.org>
2. United States Commission on Ocean Policy (2004), *An Ocean Blue Print for the Twenty First Century*. <http://www.oceancommission.gov>

*Examinations and course assessment:*

Five in-class short examinations (5% each = 25% of course grade)

Midterm 30% of course grade

Final 35% of course grade

Classroom performance: 10% of course grade

DATES

1) IN CLASS EXAMS

- 1: Th 2/9 5% (of course grade)
- 2: Th 2/23 5%
- 3: Th 3/29 5%
- 4: Th 4/12 5%
- 5: Tuesday 4/24 5%

2) MID-TERM EXAMINATION: Th 3/8 (30% of course grade)

(MID-TEM BREAK IS MARCH 12<sup>TH</sup> (MONDAY) FRIDAY MARCH 16<sup>TH</sup> )

3) FINAL EXAMINATION: Week beginning Monday April 30th (35% of course grade)

4) CLASS ROOM PERFORMANCE: 10% of course grade. Classroom performance includes more than just showing up to class – you will be assessed on contribution to classroom discussion. A zero on classroom performance would, for example, turn a B- into a C-, so take it seriously. REGULAR NO-SHOWS WILL AUTOMATICALLY BE ASSESSED ZERO ON CLASSROOM PERFORMANCE.

**Topics to be covered** – as listed as “chapters” in the *Lecture Notes*. New topics may well be interjected as seems fit. Extra reading is likely to be assigned.