Environmental Aspects of finance development
ECO 6173A
Jean-Thomas Bernard
H12

Course schedule: Tuesday, 11:30 – 14:30
Course location: DMS 10161
Office: DMS 3184
Office hours: Thursday, 14:00 – 16:00 or by appointment
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Official course description

The economic development of Canada has a close relationship with the development of its natural resources. Although Canada has a fairly high level of income per capita, its specialization in the production of raw materials with little transformation is still a dominant characteristic of its economy. Furthermore most natural resources in Canada are publicly owned; this particular feature leads to questions on access, management, taxation, and rent allocation. In this course, we explore some of these questions in the specific context of Canada while taking into account the broader field of natural resource economics.

General course objectives

i. Present and analyze the role that natural resources play in the Canadian economy;
ii. Analyze some policies that have been adopted by government with respect to natural resources: resource access, further processing, taxation, and rent allocation. What are the implications in terms of economic welfare? Why is it so?
iii. Analyze specific natural resources: forestry, hydroelectric power, oil and natural gas.
Specific objectives

The student will learn how to formulate positive and normative research questions with respect to Canadian natural resources development: what are the issues? How significant are they? What lessons can we draw from economic analysis? What the previous studies are telling us on these issues?

Evaluation

- Midterm exam (February 28) 35%
- Final exam (Exam period) 35%
- Term paper 30%

Term paper

The objective of the term paper is to explore an economic issue, preferably an economic policy issue, related to natural resource production and use. The application is not limited to Canada. You have to inform me in writing what is the topic of your term paper before Tuesday, February 14 and the paper has to be handed in before noon Friday, April 13. The paper is limited to 18 pages, one space and one half, including references, tables and graphs.

Course outline

Introduction: Some statistical information on natural resources and the Canadian economy.

1- **The contribution of a natural resource to GNP**
   - Chambers, E. and D. Gordon,(1966)
     «Primary Products and Economic Growth; An Empirical Measurement»
     *Journal of Political Economy, 74*:315-332
   - Lewis, F. (1975)
     «The Canadian Wheat Boom and Per Capita Income: New Estimates»
     *Journal of Political Economy, 83*(6):1249-1257

2- **Natural resource rent and its allocation**
     «Political Economy of Resource Policy»
   - Copithorne, L. (1979)
3- Natural Resources and Equalization

-Expert panel on equalization and territorial formula financing (2006)
  Achieving a National Purpose: Putting Equalization Back on Track
  Ottawa, Ministry of Finances, 146 pages.
-Smart, M. (2007)
  «Raising Taxes through Equalization»
  Canadian Journal of Economics, 40(4):1188-1212
  «Péréquation et comportement stratégique des provinces bénéficiaires: un contre-exemple intrigant»
  Canadian Public Policy/Analyse de politiques, 36(2):215-225

4- Natural Resource Curse

  «Booming Sector and De-industrialisation in a Small Open Economy»
  The Economic Journal, 92:825-848
-Sachs, J. D. and A.M. Warner (2001)
  «Natural Resource and Economic Development»
  European Economic Review, 45:827-838
-Van Der Ploeg, F. (2011)
  «Natural Resources: Curse or Blessing»
  Journal of Economic Literature, 49(2):366-420
«Who is to Blame? Canadian manufacturers and the Absence of Income per Capita Convergence»

5- **Measuring natural resource scarcity**

  «Trends in Natural Resource Commodity Prices; an Analysis in the Time Domain»
  *Journal of Environmental Economics and Management, 9:122-13*

- Livernois, J.(2009)
  «On the Empirical Significance of the Hotelling Rule»
  *Review of Environmental Economics and Policy, 3:22-41*

  «An Identification Robust Test for Time-Varying Parameters in the Dynamics of Energy Prices»
  *Journal of Applied Econometrics, Online library*

6- **Canada-US Soft Lumber Trade War**

  «The Political Economy of Protectionism: Tariffs and Retaliation in the Timber industry»

7- **Canadian Electric Utilities**

  «La tarification de l’électricité au Québec»

  «Electricity Restructuring in Ontario»
  *The Energy Journal, 26(1)*

- Clark, C.R. and A. Leach (2007)
  «The Potential for Electricity Market Restructuring in Québec»
  *Canadian Public Policy/Analyse de politiques, 33(1):1-19*

- Bernard, J.T. and M. Roland, (2011)
  «Mixed enterprises and international competition»
  Manuscript, 37 pages