The Political Economy of Energy Policy (4 quarter units)
Earth Systems 205/Law 227
Professor David Victor
Winter Quarter 2008
Tuesday and Thursday, 9:00am-11:00am

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TEACHING STAFF

Chris Warshaw, (cwarshaw@stanford.edu), Teaching Assistant
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COURSE DESCRIPTION

The class will introduce students to the major theoretical frameworks used by political scientists, sociologists, economists, and other intellectual disciplines to understand how societies design and implement public policies related to energy, and how the energy industry responds. Topics covered will include theories of the state, monopoly and regulation, public choice, organizational behavior, international agreements, and innovation. The class will apply these theories to major current and historical issues in energy policy, such as ethanol, climate change, energy security, the role of national oil companies in the world oil market, the functioning of OPEC, and the California electricity crisis.

The course is intended for advanced undergraduates and graduate students in Public Policy, Political Science, the School of Engineering, and Earth Systems, as well as the Law School and Graduate School of Business. Students will be expected to have basic familiarity with energy technologies and concepts as well as basic understanding of economics.
PREREQUISITES

Economics 1 and 50, or equivalent
CEE 173A: Energy Resources, or equivalent

Course is by admission and permission of instructor.

REQUIREMENTS

This is a research seminar. Students are expected to complete the required readings each week and to contribute to the seminar discussion. The readings for each unit should be completed prior to the first lecture for that unit.

In addition, each student will be responsible for developing a thirty-minute presentation on one of the case studies in groups of two. Signups for this task will occur in the first class. The presentation should not be simply a summary of the assigned material. Rather, the presenter should outline how the case should be considered within the analytical approaches described in the unit’s theoretical readings.

Students are also required to write a 20-25 page research paper that applies the logic developed in the course to a topic of their choice. Students should choose a topic by the third week and turn in a one-page research proposal in the fourth week. The final paper will be due on Monday, March 17th at 5 pm. No late work will be accepted.

REQUIRED BOOKS

ES205 Course Reader from the Stanford Bookstore

Supplemental readings will be available via Coursework.

GRADING

Final grades will be determined by the following formula:

1. Class participation 20%
2. In-class presentation 20%
3. Final paper 60%
COURSE OUTLINE

Course Introduction (January 8)

Unit 1: Introduction: Political Economy and the Energy System (January 10)


Supplemental Readings

Unit 2: Public Choice & Collective Action (January 15 and 17)

Theory of collective action

Theory of commons

Supplemental Readings
Case 1: Ethanol import tariff case study

Case 2: Russian Gas, the European perspective

Unit 3: Theory of Public Policy and the State (January 22 and 29)

Supplemental Readings

Case 1: National Oil Companies
- PESD study on National Oil Companies. Introduction.

Case 2: Renewable Portfolio Standards
Unit 4: Networks, Monopoly and Regulation (January 31 and February 5)


Supplemental Reading

Case 1: California electricity crisis

Case 2: Power Sector Regulation Worldwide

Case 3: Revolutionizing the Grid
- TBD
Unit 5: Behavior of Complex Organizations (February 7, 8, 12)


Supplemental Reading

Case 1: Organizations and Pollution Markets

Case 2: Nuclear Power as a risky technology

Unit 6: International Political Economy (14, 19, 21)

- Other Readings TBD

Supplemental Readings

Case 1: Nuclear Power and Fuel Cycle
- Recent article on Iran (handout in class)
• Recent article on India-US Nuclear deal (handout in class)

Case 2: OPEC case study

Supplemental Reading on OPEC

Case Study 3: China’s Search for Oil

Supplemental Reading on China’s Search for Oil

Unit 7: Development and Energy Resources (February 26, 28)

Resource Curse

Foreign Assistance
• William Easterly. “Aid for Investment.” The Elusive Quest for Growth, Chapter 2.
• Paul Collier. The Bottom Billion, “Aid to the Rescue?” p. 99-123.

Case 1: Resource Curse in Africa

**Case 2: Rural Energy Supply**
- Hisham Zerrieffi. “Making Small Work.” Chapter 1. (??)

**Unit 8: Innovation (March 4 and 6)**

*Supplemental Reading*

**Case 1: Promoting Innovation in Energy Technologies**

**Unit 9: Applying Political Economy Theory to the Problem of International Climate Change (March 11)**

**Course Recap (March 13)**