Subject: EBGN  Number: 610
Course Title: Advanced Natural Resource Economics
Section: A
Semester/year: Spring/2014

Instructor or Coordinator: Harrison Fell
Contact information (Office/Phone/Email): EH 313/303-273-3757/hfell@mines.edu
Office hours: MW 1:30 – 3:00
Class meeting days/times: MW 11:00 – 12:15
Class meeting location: EH 211

Web Page/Blackboard link (if applicable): Blackboard site available to enrolled students

Instructional activity: 37 hours lecture 3 semester hours

Course designation: ____ Common Core ____ Distributed Science or Engineering
____ Major requirement ____ Elective _x_ Other (required course for PhD’s, elective for other graduate students)

Course description from Bulletin:
Optimal resource use in a dynamic context using mathematical programming, optimal control theory and game theory. Constrained optimization techniques are used to evaluate the impact of capital constraints, exploration activity and environmental regulations. Offered when student demand is sufficient.
Prerequisites: Principles of Microeconomics, MATH111, MATH5301, EBGN509, EBGN510, EBGN511; or permission of instructor.

Textbook and/or other requirement materials:


Other required supplemental information:


Student learning outcomes: At the conclusion of the class students will...

1. be familiar with economic literature regarding natural resource economics and the methodologies used in these papers
2. have a greater understanding of intertemporal analysis and dynamic optimization techniques for both non-renewable and renewable resources in a variety of settings
3. have a sufficiently strong foundation in the fundamentals of natural resource economic analysis and understanding of the existing literature that they may go forward with original research in the field.

Brief list of topics covered:

1. Dynamic Optimization Methods Review
2. Classic Non-renewable Resource Models
3. Renewable Resource Models
4. Empirical Examples on Resource-Related Topics
5. Sustainability and Scarcity Measures
6. Natural Resources and Environmental Regulation

Policy on academic integrity/misconduct: The Colorado School of Mines affirms the principle that all individuals associated with the Mines academic community have a responsibility for establishing, maintaining an fostering an understanding and appreciation for academic integrity. In broad terms, this implies protecting the environment of mutual trust within which scholarly exchange occurs, supporting the ability of the faculty to fairly and effectively evaluate every student’s academic achievements, and giving credence to the university’s educational mission, its scholarly objectives and the substance of the degrees it awards. The protection of academic integrity requires there to be clear and consistent standards, as well as confrontation and sanctions when individuals violate those standards. The Colorado School of Mines desires an environment free of any and all forms of academic misconduct and expects students to act with integrity at all times.

Academic misconduct is the intentional act of fraud, in which an individual seeks to claim credit for the work and efforts of another without authorization, or uses unauthorized materials or fabricated information in any academic exercise. Student Academic Misconduct arises when a student violates the principle of academic integrity. Such behavior erodes mutual trust, distorts the fair evaluation of academic achievements, violates the ethical code of behavior upon which education and scholarship rest, and undermines the credibility of the university. Because of the serious institutional and individual ramifications, student misconduct arising from violations of academic integrity is not tolerated at Mines. If a student is found to have engaged in such misconduct sanctions such as change of a grade, loss of institutional privileges, or academic suspension or dismissal may be imposed.

The complete policy is online.

Grading Procedures: (Note: all courses must have a published, transparent grading policy that students can use to gauge their performance and progress in the class through the course of the semester.)

Coursework Return Policy:

The grading of this class will be based on three deliverables – a midterm, referee report, and an in-class presentation. The weighting of these deliverables for the final grad will be determined as follows:

Midterm – 35%
Literature Review Paper – 35%
Presentation – 15%
In-class Paper Review – 10%
Participation – 5%
The midterm will be an in-class exam scheduled tentatively for 8th week of class. The exam is closed book and closed notes. This will test your ability to solve the basic problems we cover in class.

For the literature review, students will choose a topic and write a review paper on the issue that outlines the problem, discusses the academic literature regarding the issue, and outlines some areas of the issue that have yet to be resolved. Because this is an economics class in an economics department, the majority of literature that this review draws upon should be from the economic literature. A suggested (but not exclusive) list of journals and their abbreviations that students should draw upon includes:


These review papers will be due no later than the scheduled final exam date and time for this class. We will discuss the specifics of the paper in more detail at a later date, but in general I expect these them to be 8-15 pages long with at least 10 citations and that you select your topic by the 9th week of class.

The in-class presentations will be formal presentations of one of the papers discussed in the review paper. These presentations are expected to be of a similar format to what one would present at an academic conference. Again, more details on the specific expectations of these presentations will be given at a later date, but in general these presentations will be approximately 20-25 minute long. Finally, this class will primarily be on reviewing key paper in resource economics. During some classes, I will have a student give a brief presentation on a paper that we will not have time to fully review in class. Chosen students will be alerted of their presentation assignment at least one class prior to the class in which they are expected to present. The presentations are expected to be approximately 10-15 minute long and should be done using Power Point or Beamer slides, with a maximum of 10 slides. The presentation should discuss:

- What is the basic research question(s) of this paper?
- What are the key findings of the paper?
- How did this paper contribute to the literature?
- If relevant, how have others built upon this paper?

Absence Policy (e.g., Sports/Activities Policy): Attendance and participation are mandatory. Please notify the instructor of any planned absences.

Homework:
- Homework assignments will be given, but are optional to complete. These are simply practice problems for the exam.
- Exams: If you will be absent during a scheduled exam, you should schedule a make-up time before you leave.
Detailed Course Schedule:
Below is a tentative outline for the class with an expected reading list. I stress that this is a
tentative list. Topics, readings, and listed order are all subject to change based on class
progress and professor preferences. Please consult the blackboard page for this class
frequently for updates on topics covered and required readings.

Dynamic Optimization Methods Review

Topics:
- Continuous time dynamics
- Discrete time dynamics

Readings:
  Variations and Optimal Control in Economics and Management. (Part II: Chapters
  1-13)

Classic Non-renewable Resource Topics

Topics:
- Competitive extraction, Monopoly extraction, Socially optimal extraction
- Extraction with capacity constraint
- Extraction with a backstop
- Extraction with exploration
- Extraction with taxes
- Durable non-renewables
- Grade/cost differentiated reserves

Readings:
- C & C Chapter 3
  Resources." Canadian Journal of Economics (2).
  Literature (36).
  Resources." QJE, 96.
  Journal of Environmental Economics and Management, 45(3): 569-588
- Chakravorty, U. and D.L. Krulce. 1994. "Heterogenous Demand and Order of

Renewable Resources

Topics:
- Forestry Economics
- Fishery Economics

Readings:
- C&C Chapter 2
- H&O Chapters 4, 5, 10, 11

Empirical Examples

Topics:
- Empirical Hotelling models
- Resource Boom/Busts and Resource Curse

Reading List:

Sustainability and Scarcity

Topics:
- Macro growth models with natural resources
Measures of scarcity
Peak oil

Readings:

- C&C Chapter 3

Natural Resources and Environmental Regulation
Topics
- Stock pollutants and Natural Resources
- Permit trading in dynamic setting
- Dynamic Climate Model issues
- Green Paradox

Readings: