

University of Colorado Boulder

**Econ 4535 Natural Resource Economics
Spring 2022**

Professor: Daniel Kaffine
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Lectures: Monday, Wednesday, Friday 9:05-9:55 ECON 119

Office hours: Wednesday 1:00-4:00 (and as need be – just ask!)

Course Description: This course in natural resource economics will introduce students to the interlinkages between natural resources and the economic system. Classic allocation problems for renewable and nonrenewable resources will be examined. This course will also consider the fundamental role of institutions in shaping natural resource use. Understanding the incentives faced by users of natural resources will allow us to consider market failures and the important question of whether or not market interventions are justified on economic grounds. Because natural resources play a central role in many current energy and environmental policy debates, this course will also address policy issues related to climate change, renewable energy, transportation, and sustainability.

Course Organization: This course will be a mix of lecture and discussion. The first half of the class will focus on the theory of natural resource economics, with the Midterm covering this material midway through the course. The second half of the class will focus on application to natural resource, energy and environmental policy, with the Final (primarily) covering the material for the last half of the semester. Canvas will be used for course materials and communication.

Textbooks: The required textbook is:

Tom Tietenberg and Lynne Lewis, *Environmental and Natural Resource Economics* 11th ed, Prentice Hall, 2018. (9th and 10th edition are also acceptable – alternative pages for those editions are provided on the Reading List).

Additional readings (journal articles, etc) will be posted on Canvas.

Grading:

Class Participation	10%
Unit summaries	20%
Computational paper	10%
Midterm Exam	30%
Final Exam	30%

Class Participation: Students are expected to have read all materials prior to class, and should be prepared to discuss and answer questions regarding the readings. Lecture and discussion will comprise a large component of our in-class time, and students are expected to attend class and contribute. In addition, there will be a low-stakes question at the end of each week (due the following week) that pertains to the chapter readings for that week.

Unit Summaries: At the end of each of the six units, a 3-page review of the material covered in the readings will be required. This is the primary check-up on the readings from the textbook. This summary can be worked on with another student with a single submission from the group. The document is expected to summarize the unit material covered and discuss open and unresolved questions or debates related to the unit. Each unit will also include a mathematical and computational problem to be solved and turned in with the summary. I will provide more details when the first summary is assigned.

Computational Paper: The mathematics required to answer many interesting questions related to natural resources are beyond the scope of the prerequisites for this course. Nonetheless, we will take advantage of the mathematical programming language Mathematica to tackle some of them. Simply follow the link here: <https://oit.colorado.edu/software-hardware/software-catalog/mathematica> to get free access to the software. We will cover a number of examples in class, and for the computational paper you will come up with your own question and answer it using Mathematica.

Exams: The exams will be short answer plus numerical problems. I will provide

Open access
Common property
The Resource Curse

Midterm Exam (early March)

IV. Natural resource policy
Regulating externalities
Property rights approaches

V. Climate change
Costs of climate change
Climate policies
Technological innovation

VI. Renewable energy
Power sector
Transportation sector

Final Exam (Tuesday May 3rd 1:30-4:00)

Important Stuff

Both students and faculty are responsible for maintaining an appropriate learning environment in all instructional settings, whether in person, remote or online. Those who fail to adhere to such behavioral standards may be subject to discipline. Professional courtesy and sensitivity are especially important with respect to individuals and topics dealing with race, color, national origin, sex, pregnancy, age, disability, creed, religion, sexual orientation, gender identity, gender expression, veteran status, political affiliation or political philosophy. For more information, see the policies on [classroom behavior](#) and the [Student Conduct & Conflict Resolution policies](#).

As a matter of public health and safety, all members of the CU Boulder community and all visitors to campus must follow university, department and building requirements and all public health orders in place to reduce the risk of spreading infectious disease. Students who fail to adhere to these requirements will be asked to leave class, and students who do not leave class when asked or who refuse to comply with these requirements will be referred to [Student Conduct and Conflict Resolution](#). For more information, see the policy on [classroom behavior](#) and the [Student Code of Conduct](#). If you require accommodation because a disability prevents you from fulfilling these safety

All students enrolled in a University of Colorado Boulder course are responsible for knowing and adhering to the Honor Code academic integrity policy. Violations of the Honor Code may include, but are not limited to: plagiarism, cheating, fabrication, lying, bribery, threat, unauthorized access to academic materials, clicker fraud, submitting the same or similar work in more than one course without permission from all course instructors involved, and aiding academic dishonesty. All incidents of academic misconduct will be reported to the Honor Code (honor@colorado.edu; 303-492-5550). Students found responsible for violating the academic integrity policy will be subject to nonacademic sanctions from the Honor Code as well as academic sanctions from the faculty member. Additional information regarding the Honor Code academic integrity policy can be found on the [Honor Code website](#).

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