

Second Quiz Econ. 4/5535 -Natural Resource Economics

I. An Introduction to NR Economics

1. (2 points) Define the term rent (resource royalty) within the context of nonrenewable natural resources.
2. (2 points) What, in the last twenty-five years, other than increased scarcity and/or increased market power, might explain increases in the relative prices of some natural resources? Explain your answer.
3. (6 points) Argue that a change in the relative price of a natural resource is a good indicator of a change in the scarcity of that natural resource. Now argue that it is a bad indicator.